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424

PART III.

FURTHER CORRESPONDENCE

RESPECTING

OTTOMAN LOANS.

TURKEY

93

1879-80.

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1879-80.

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Further Correspondence respecting Ottoman Loans.

Part III.

No. 1.

Projet dont Musurus Pacha a entretenu Sir Stafford Northcote dans son entrevue du 21 Janvier, 1879, et qui a été l'objet de ses communications subséquentes avec le Chancelier de l'Echiquier.—(*Communicated to the Marquis of Salisbury, February* 10.)

(Communication Officieuse.)

Emprunt de 1858.

Capital nominal, 5,000,000*l.*
Intérêt, 6 pour cent.
Amortissement, 1 pour cent.
Service annuel, 350,000*l.*
Partie non-remboursée, 3,716,000*l.*
Prix d'émission.—Première série de 4 millions 85; seconde série, d'un million 60; moyen-terme 80.
Garanties spéciales: droits de douanes et d'octroi de Constantinople.

Emprunt de 1862.

Capital nominal, 8,000,000*l.*
Intérêt, 6 pour cent.
Amortissement, 2 pour cent.
Service annuel, 640,000*l.*
Prix d'émission, 68.
Partie non-remboursée, 5,082,000*l.*
Garanties spéciales: le reste des droits de douane de Constantinople, et droits sur le tabac, le sel, et le timbre.

Il résulte de ce qui précède que les services annuels des Emprunts de 1858 et de 1862 forment ensemble une somme de 900,000*l.*; que la partie non-remboursée de l'Emprunt de 1858 est de 3,716,000*l.*, et que la partie non-remboursée de l'Emprunt de 1862 est de 5,080,000*l.*

Pour amener un accord, mutuellement satisfaisant, entre le Gouvernement Ottoman, qui a besoin d'un nouvel emprunt pour le retrait total du papier-monnaie, et les porteurs de titres des Emprunts 1858 et 1862, dont les intérêts souffrent depuis trois ans sans qu'il y ait grand espoir d'une amélioration prochaine de leur sort, il importe d'obtenir, par un arrangement entre les deux parties, et avec le concours et l'assistance du Gouvernement Britannique :—

1. Qu'un intérêt de 5 pour cent soit dorenavant payé sur le prix d'émission de la partie non-remboursée de ces deux emprunts, à condition que les porteurs de titres

renonceraient aux interêts arriérés des trois dernières années, ou bien (si les porteurs de titres le préfèrent) que l'intérêt à payer sur le prix d'émission de la partie non-remboursée des deux emprunts soit de 4½ pour cent, et que les intérêts arriérés des trois dernières années, calculés sur la même base, soient capitalisés au moyen d'obligations portant également intérêt de 4½ pour cent, la différence entre les deux modes de régler la question des intérêts étant, quant au fond, insignifiante;

2. Que l'amortissement actuel, résultant de l'accumulation des intérêts de la partie remboursée des deux emprunts, soit supprimé et réduit à ½ pour cent, sur le prix d'émission de la partie non-remboursée pour l'Emprunt de 1858, et à 1 pour cent pour l'Emprunt de 1862;

3. Que le Gouvernement Ottoman, après qu'il aura été ainsi pourvu aux services annuels des emprunts de 1858 et de 1862, soit libre de disposer de l'excédant de la somme de 990,000*l.*, montant des anciens services des dits Emprunts,—excédant qui sera de 600,000*l.*,—pour l'affecter au service annuel d'un nouvel emprunt, dont le produit sera employé au retrait total du papier-monnaie, et aux besoins les plus pressants du Trésor; et—

4. Que deux fonctionnaires Anglais, nommés par le Gouvernement Britannique, soient envoyés à Constantinople pour veiller, conjointement avec deux employés du Gouvernement Ottoman, à la perception de la somme de 990,000*l.*, et à sa remise à la Banque d'Angleterre qui l'appliquerait au service des Emprunts de 1858, de 1862, et du nouvel emprunt.

Calcul Explicatif du Projet ci-dessus.

	£	*s.*	£	*s.*
Service de l'Emprunt de 1858—				
Intérêt de 5 pour cent sur 2,973,200*l.*, montant de la partie non-remboursée, réduite au prix de 80	148,660	0		
Amortissement à raison de ½ pour cent	14,866	0		
			163,526	0
Service de l'Emprunt de 1862—				
Intérêt de 5 pour cent sur 3,456,372*l.*, montant de la partie non-remboursée, réduite au prix de 68	172,818	12		
Amortissement à raison de 1 pour cent	34,563	0		
			207,381	12
			600,000	0
Service du nouvel emprunt—				
Commission des Agents des trois emprunts et autres frais, y compris les appointements des deux fonctionnaires Anglais à envoyer à Constantinople			19,092	8
			990,000	0

No. 2.

The Marquis of Salisbury to Lord Lyons.

(No. 165.) *Foreign Office, February* 13, 1879.

My Lord,

I HAVE the honour to acquaint your Excellency that I have received a letter from the Board of Treasury, stating that the Turkish Government have again failed to provide funds to meet the dividend and sinking fund of the Loan of 1855, and that the Lords Commissioners of Her Majesty's Treasury have been again compelled to ask the Bank of England to advance the money, until they can learn whether the Porte is prepared to meet its engagements to the guaranteeing Governments.

I have accordingly addressed the note, of which a copy is inclosed for your Excellency's information, to the Turkish Ambassador in London, calling his attention to the default now regularly made by the Turkish Government with regard to the funds required to meet the dividend and sinking fund of this loan, and I have to request that your Excellency will notify the circumstance to the French Government, and move them to address similar remonstrances to the Turkish Government.

I am, &c.

(Signed) SALISBURY.

No. 3.

The Marquis of Salisbury to Musurus Pasha.

M. l'Ambassadeur, *Foreign Office, February* 13, 1879.

I HAVE the honour to inform your Excellency that I have received a letter from the Board of Treasury, stating that the Turkish Government have again failed to provide funds to meet the dividend and sinking fund of the Loan of 1855, guaranteed by the Governments of France and England, which fall due on the 1st instant, and that the Lords Commissioners of Her Majesty's Treasury have been again compelled to ask the Bank of England to advance the money, until they can learn whether the Porte is prepared to meet its engagements to the guaranteeing Governments.

In calling your Excellency's attention to this matter, I have the honour to point out that on every occasion on which interest falls due on account of this loan the Turkish Government now fails to provide the money, and that it has only been forthcoming after protracted correspondence, and not always then, for there is a sum of 45,604*l.* still owing to Her Majesty's Government on the dividend due on the 1st February, 1878, which the Porte desired the Khedive to make good out of the Egyptian Tribute, an order which up to the present has not been obeyed. In addition to this sum, 178*l.* 12*s.* 1*d.* has been paid to the Bank of England for interest on the temporary advance made by them.

It is evident that these delays and charges, apart from the inconvenience which they cause to Her Majesty's Government, and the injury which they do to Turkish credit, are productive of needless expense to the Porte itself, as interest has to be paid to the Bank of England for the advances which the Bank has to make on each dividend day as it recurs.

In laying these facts before your Excellency, I have the honour to request that you will have the goodness to invite the serious attention of the Turkish Government to the default which is now regularly made in the payment of the dividend and sinking fund of the Loan of 1855.

I am, &c.

(Signed) SALISBURY.

No. 4.

Lord Lyons to the Marquis of Salisbury.—(*Received February* 15.)

(No. 170.) *Paris, February* 14, 1879.

My Lord,

I HAVE the honour to transmit to your Lordship a copy of a note in which, in execution of the instruction contained in your despatch No. 165 of yesterday, I have notified to the French Government the failure of Turkey to provide the sums due on the 1st instant on the Guaranteed Loan of 1855, and have moved them to address remonstrances to the Porte with regard to its repeated defaults respecting this loan.

I have, &c.

(Signed) LYONS.

Inclosure in No. 4.

Lord Lyons to M. Waddington.

M. le Président du Conseil, *Paris, February* 14, 1879.

THE Turkish Government has again failed to provide funds to meet the dividend and sinking fund of the Loan of 1855, and the Lords Commissioners of Her Majesty's Treasury have been again compelled to ask the Bank of England to advance the money until they can learn whether the Porte is prepared to meet its engagements to the guaranteeing Governments.

In fact, on every occasion on which interest falls due on account of this loan the Turkish Government now fails to provide the money, and it has only been obtained after protracted correspondence, and not always then, for there is a sum of 45,604*l.* still owing to Her Majesty's Government on the dividend due on the 1st February, 1878; and although the Porte ordered the Khedive to make this sum good, the order up to the present time has not been obeyed. Moreover, the sum of 178*l.* 12*s.* 1*d.* has

been paid to the Bank of England for interest on the temporary advance made by that establishment.

It is evident that these delays and changes, apart from the inconvenience they cause to the guaranteeing Governments and the injury they do to Turkish credit, are productive of needless expense to the Porte itself, as interest has to be paid to the Bank of England for the advance which it has to make on each successive dividend day.

In a note which the Marquis of Salisbury has addressed to the Ottoman Ambassador in London he has laid these facts before his Excellency, and has requested him to invite the serious attention of his Government to the default which is now regularly made in the payment of the dividend and sinking fund of the Loan of 1855.

In notifying to your Excellency the failure of Turkey to provide the sums due on the 1st instant, I have the honour to express to you the hope of Her Majesty's Government that the French Government will also address remonstrances to the Porte respecting its repeated defaults with regard to this Guaranteed Loan.

I have, &c.
(Signed) LYONS.

No. 5.

Lord Lyons to the Marquis of Salisbury.—(*Received February* 15.)

(No. 174.)
Paris, February 14, 1879.

My Lord,

WITH reference to my despatch No. 161 of the 11th instant, I have the honour to transmit to your Lordship a copy of a Memorandum respecting Comte de Tocqueville's contract for raising a loan for Turkey.

This Memorandum has, I understand, been placed in M. Waddington's hands, on behalf of the Imperial Ottoman Bank and of the Paris Comptoir d'Escompte.

It seems to contemplate making advances to Turkey for pressing needs, through the Commission specified in the Tocqueville scheme, if that Commission be constituted at once; but it urges that the issue of the loan of 8,000,000*l.* shall be postponed until inquiry has been made into the Ottoman finances.

Since I wrote what precedes, I have received a visit from Mr. Hamond, who informs me that it is impossible for him to assent to the Tocqueville contract as it stands.

He is, he tells me, to see M. Waddington this afternoon, and he proposes to set out for London to-morrow morning.

I have, &c.
(Signed) LYONS.

P.S.—I add a copy of a paper which has, I am informed, been sent by the Ottoman Bank and the Comptoir d'Escompte to M. Waddington, in answer to a request from him to them, to state, with reference to Comte de Tocqueville's contract, what they are prepared to do for the relief of the Ottoman finances.

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Inclosure 1 in No. 5.

Memorandum sent to M. Waddington.

LE contrat de M. de Tocqueville, autant qu'on peut en juger par le document qui nous a été communiqué, présente des avantages sérieux, et qui méritent d'être retenus.

Il est certain que la Commission Internationale qui y est stipulée [?] les prérogatives de diverse nature qui lui sont accordées doivent, au bout d'un certain temps, apporter un ordre salutaire dans les finances de la Turquie.

En outre, les créanciers de la Turquie auront désormais la certitude que les gages qui seront administrés par la Commission Internationale ne seront plus détournés de leur affectation.

Il ne paraît dès lors pas invraisemblable d'admettre qu'en échange de cette

amélioration de leur créance ils seront disposés à faire les sacrifices nécessaires pour mettre la Commission à même de remplir sa tâche en lui fournissant les moyens de retirer les caïmés, et d'affranchir les douanes.

Ceci reconnu, la première question qui se pose est de savoir quel est le *quantum* qui lui pourra être distrait du budget des dépenses administratives de la Turquie pour être réparti aux créanciers.

Le contrat Tocqueville dit bien quelle est la réduction que devra supporter la dette Turque; mais il ne prouve en aucune façon que les ressources de l'Empire seront adéquates aux engagements nouveaux.

Il serait, en effet, impossible, sous peine de s'exposer à une nouvelle faillite, d'appliquer à la dette la totalité des revenus délégués, si le surplus des revenus généraux de l'Etat ne lui permettait pas d'assurer ses services administratifs.

Une seconde défectuosité du contrat Tocqueville est de laisser en dehors toute une catégorie de créanciers tout aussi intéressants que les porteurs de Consolidés, ou d'obligations, ou de lots. Ce sont ceux qui ont aidé dans ces derniers temps au paiement des coupons, dont précisément ont bénéficié les porteurs de 5 pour cent et d'obligations, et ceux qui, en dehors des marchés pour fournitures, ont procuré de l'argent aux Turcs pendant la dernière guerre.

Cette lacune est considérable, car un règlement de la dette Ottomane pour avoir des chances de réussite doit embrasser l'universalité des créanciers légitimes. Il est incontestable au surplus qu'il importe de mettre fin au système d'emprunts temporaires contractés dans des conditions onéreuses pour le Trésor.

Il importe donc, au plus haut point, de connaître la situation exacte des finances Turques avant de présenter aux intéressés un projet de conversion stable.

Une semblable étude demandera quelques mois, et les besoins de la Porte sont pressants.

On pourrait, ce nous semble, concilier tous les intérêts en déclarant au Gouvernement Ottoman qu'un syndicat est prêt à retenir le contrat Tocqueville, à la condition que la Sublime Porte se mette en rapports avec les Gouvernements Français et Anglais, pour faire désigner la Commission stipulée par le contrat entre les mains de laquelle le syndicat verserait les sommes dont le Gouvernement aurait besoin pour ses nécessités urgentes.

Lorsque la Commission aurait publié son Rapport comprenant d'une part les revenus généraux, et d'autre part les charges Gouvernementales, il serait facile sur les bases indiquées d'établir un plan de conversion, et de fixer, en même temps, les conditions de l'emprunt de 200,000,000 fr. nécessaire à la Turquie pour retirer le caïmé et libérer les douanes.

Inclosure 2 in No. 5.

Statement.

Paris, le 14 *Janvier*, 1879.

A la suite de l'Iradé en date du Janvier 1879, de Sa Majesté Impériale le Sultan, la Banque Impériale Ottomane, et le Comptoir d'Escompte de Paris, sont disposés, dans l'intérêt des créanciers du Gouvernement Ottoman, à former un groupe.

Dès que la Commission instituée par l'Iradé de Janvier serait entrée en exercice ce groupe mettrait à la disposition de la Commission les sommes nécessaires pour le retrait partiel ou total* des caïmés (somme à fixer).

Lorsque la Commission aura publié son Rapport sur les ressources du Gouvernement Ottoman, le même groupe continuerait son concours en se chargeant des opérations de la conversion et de la consolidation de la dette, soit sur les bases de l'Iradé de Janvier, si le Rapport de la Commission les appuie, soit sur d'autres bases, s'il y a lieu.

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* Cette avance nouvelle serait gagée sur telle des garanties énumérées au contrat, les revenus du Chypre, par exemple, après entente avec l'Angleterre.

No. 6.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received February 17.*)

(No. 139. Confidential.)

Péra, February 5, 1879.

My Lord,

I HAVE the honour to inclose copy of the scheme for the conversion of certain of the foreign loans of Turkey, and for providing the Porte with 8,000,000*l.* sterling, which has been submitted to the Turkish Government by the Comte de Tocqueville. The Council of Ministers has agreed to accept it, if he can carry out the engagements into which he has entered. He left Constantinople for Paris this day week, and has undertaken to return within twenty days with the formal adherence to his project of capitalists of sufficient wealth and standing to put it into execution, and with the sanction of the French and English bondholders whom, he alleges, he represents.

The French Ambassador has taken somewhat strong measures to induce the Sultan to M. de Tocqueville's scheme. His Excellency went twice to the Palace to make a personal appeal to His Majesty on the subject. At the same time he exacted a promise from the Ministers that the strictest secrecy should be observed with regard to his proceedings, and it was from me especially that they were to be concealed, why, I cannot imagine. If the scheme were an advantageous one for the bondholders and for the Porte, M. Fournier need not have apprehended any opposition from me. On the contrary, I should have been happy to have given him any support that I properly could. As your Lordship is aware, I was not ignorant of the object of M. de Tocqueville's visit to Constantinople, although he had not placed before me in detail the precise nature of his proposals to the Porte. In pursuance of your Lordship's instructions, I had recommended him to the Grand Vizier, and had advised his Highness to give his proposals a fair hearing. But I could not extend to him any direct official, or even officious, support as there is a considerable number of Turkish bondholders in England who are understood to be opposed to his scheme, and whose interests are to be considered, as well as those of the persons whom he is supposed to represent.

M. Fournier could scarcely fear that the secret might transpire through me in Galata. As usual, a privileged few in that Christian quarter have not been unacquainted with it from the first, and have not been backward, I am told, in availing themselves of it. My colleague is under the impression that he has gained no inconsiderable diplomatic triumph, and says, I am informed, that "he has revenged Cyprus." I congratulate him upon his triumph, although I do not see it; but should any report come to your Lordship from Paris to the effect that it has been gained in spite of a determined opposition and resistance from me, and that I am still doing my utmost to bring about the failure of his scheme, I trust that your Lordship will not place credit in it. I think it a pity that M. Fournier did not consult me in the matter, instead of persuading himself that he would only find in me an enemy to the interests and influence of France. I could have pointed out to him one or two objections to M. de Tocqueville's proposals, such as the want of unanimity on the part of the bondholders, which might have been met and avoided.

The scheme must stand upon its own merits, and upon M. de Tocqueville's power of performing his engagements. Upon these points I am not in a position to offer an opinion. I am not sufficiently acquainted with the science of finance to judge whether or not the proposals are the most favourable that could be made to the Porte, or the terms the best that could be obtained for its foreign crediters. It appears to me, however, that out of the sum of 8,000,000*l.* sterling which M. de Tocqueville undertakes to raise, but a very small portion will be available by the Turkish Government for its immediate necessities and for reforms, as about 4,000,000*l.* sterling are required to discharge the debts it has contracted in Galata, which are secured by the revenues of the custom-house, and above 3,000,000*l.*, I believe, for the withdrawal of the caïmé.

I am not aware whether M. de Tocqueville has such support from influential capitalists in France and England as will enable him to perform what he has undertaken. It is commonly rumoured here that he has not, and it is generally expected that he will fail. But this expectation may be founded rather upon the hopes of his rival schemers than upon any substantial facts. If he should break down, it would be unfortunate for the Porte, who may then find itself even in greater financial difficulties than it was before, with the addition of having excited a strong feeling of irritation on the part of a powerful body of bondholders.

I understand that Haireddin Pasha has already received energetic protests from England against the proposed arrangement, and Count Corti has made representations, acting upon the instructions of his Government, in support of Italian interests, and requiring, moreover, that Italian, as well as English and French Commissioners should take part in the proposed administration of the custom-houses. This demand on the part of the Italian Government appears to me to be unreasonable, and to be founded on a misconception of the position to be held by the Commissioners. Haireddin Pasha has, very properly, refused to admit it. But I venture to believe that these difficulties have been caused by the political and mysterious character which the French Ambassador has thought fit to give to a very simple and ordinary matter of business.

I understand from my colleague that M. de Tocqueville was recommended to him by M. Waddington. He was consequently, no doubt, entitled to M. Fournier's good offices. But it seems to me that a strong personal appeal to the Sultan in favour of a person who, it would seem, is after all only acting as an agent in a financial speculation, affords a somewhat undesirable precedent. It would scarcely do for every Ambassador or head of a mission who has a railway or mining scheme, or a commercial enterprize to push, to have recourse to the Sovereign. It is scarcely necessary to point out the danger of such a state of things in a place like Constantinople. But above all, it would be deeply to be regretted if the old rivalry and jealousy between England and France were to spring up anew in the Levant.

I have, &c.

(Signed) A. H. LAYARD.

Inclosure 1 in No. 6.

Scheme of the Comte de Tocqueville.

Le Gouvernement de la Sublime Porte, ayant, d'une part, un besoin immédiat d'argent pour liquider la situation intérieure, résultant de la crise désastreuse que vient de traverser l'Empire Ottoman, et voulant, d'autre part, concilier les besoins actuels du Trésor avec les charges et obligations de la Dette Publique Consolidée, a décidé d'avoir recours à un nouvel emprunt de 200,000,000 fr., basé sur des revenus liquidés et des garanties tangibles, en affectant le reliquat de ces mêmes revenus au service de la Dette antérieure unifiée et consolidée, sur les bases rationnelles et équitables que emportent les ressources budgétaires actuelles de l'Empire Ottoman.

En conséquence,

Le Gouvernement Impérial Ottoman, ayant résolu de consolider, d'unifier, et de convertir la Dette Publique Consolidée, dans les limites de ses moyens et ressources Budgétaires, conformément aux propositions faites par le Comité Anglo-Français des porteurs de la Dette Turque, en la personne de son délégué, le Comte de Tocqueville, décrète:—

Article 1er. Le prix nominal inscrit, majoré du montant des intérêts échus, et impayés à ce jour, de tous les titres de la Dette Publique Consolidée, tant intérieure qu'extérieure, à l'exception des emprunts ci-après désignés, sera réduit et ramené aux prix d'émission publique de ces différents titres. En sorte que les porteurs des divers emprunts appelés à être convertis par le présent Décret ne recevrons lors de la conversion de leurs anciens titres en titres nouveaux, qu'une somme égale à celle du taux respectif d'émission des anciens titres. Les titres amortis depuis le jour de la suspension du service de la dette seront réglés de la même façon et subiront les mêmes réductions.

Les emprunts 1854, 1855, 1871, et 1877, garantis spécialement par le Tribut Egyptien ou par la France et l'Angleterre, et qui ont déjà fait l'objet d'une convention antérieure, ne seront pas compris dans cette conversion.

Au montant de tous les autres emprunts consolidés, sera ajouté, celui des Bons du Trésor, convertis et consolidés aux conditions du Firman de l'émission, c'est-à-dire, seront assimilés dans la nouvelle conversion, aux anciens consolidés 5 pour cent, et dubiront les mêmes conditions que ces derniers titres. Il en sera de même pour les obligations de chemin de fer dites "Lots Turcs."

Art. 2. Il sera créé, pour rembourser la totalité des anciens titres de la Dette Consolidée, à l'exception des emprunts mentionnés à l'Article 1er, un type de rente Ottomane 5 pour cent, comprenant deux catégories.

La première catégorie comprendra les emprunts gagés 6 pour cent, émissions 1858, 1860, 1862, 1863, 1865, 1869, 1873, unifiés et consolidés a 5 pour cent, et convertis en nouveau type de rente 5 pour cent, au prix réduit prévu à l'Article ci-dessus mentionné. Cette catégorie sera divisée en séries correspondantes aux années d'émission et classées par ordre alphabétique.

La seconde catégorie comprendra la Dette Générale, anciens Consolidés 5 pour cent, émissions 1865, 1873, et 1874, les Bons du Trésor, émission 1872, et les obligations de chemin de fer, dites "Lots Turcs," unifiés et consolidés à 4 pour cent et convertis en nouveau type de rente 5 pour cent, en sorte que les titres de cette catégorie, pour pouvoir prendre rang avec les titres de la première catégorie, subiront en plus de la réduction prévue à l'Article 1er, une nouvelle reduction en capital de 20 pour cent, correspondant à la capitalisation de la différence d'intérêt de 1 pour cent qui existe entre le 6 pour cent et le 5 pour cent primitifs.

Cette catégorie portera l'indiquation de série H.

Art. 3. Le paiement des intérêts et de l'amortissement des titres de la nouvelle Dette Consolidée est spécialement et effectivement garanti par les produits des douanes et des contributions indirectes de l'Empire, comprenant les tabacs, les salines, les timbres, les spiritueux, et le surplus de la taxe actuelle de "Témétis," et autres impôts analogues, qui sera encaissé par la création de l'impôt sur les patentes, jusqu'à concurrence du montant des annuités et frais nécessités par le service de la nouvelle Dette Consolidée.

Tous les autres revenus, actuellement assignés aux divers emprunts gagés 6 pour cent, feront retour au Gouvernement Ottoman.

Le Gouvernement Impérial, en plus des revenus spéciaux ci-dessus désignés, affecte et délègue d'ores et déjà, à la Commission dont il est parlé à l'Article 7, pour le montant être employé spécialement et uniquement au service des intérêts et amortissement de la nouvelle Dette Consolidée;

1. Le tribut de la Bulgarie;
2. La partie afférente à cette principauté de la dette de l'Empire;
3. La partie afférente à la Serbie et au Monténégro pour la même dette;
4. Les revenus de la Roumélie Orientale qui doivent être versés au Trésor Impérial à titre d'impôt, tels qu'ils sont réglés, en vertu des stipulations du Traité de Berlin.
5. Les revenus de l'Ile de Chypre, que l'Angleterre doit payer à la Turquie, en raison des Conventions du 4 Juin, 1878; en sorte que ces revenus et tributs seront appliqués par privilége au service de la dite Dette Consolidée, qui les absorbera jusqu'à due concurrence des annuités nécessaires pour ce service.

La Commission devra donc faire toutes diligences pour assurer et effectuer ces rentrées, qui lui appartiennent par délégation, et seront considérées dans tous les cas comme un payement fait en l'acquit du Gouvernement Ottoman et déduites en conséquence tout d'abord de l'annuité due.

Dans le cas où le montant de ces tributs et revenus, une fois déterminé, ne suffirait pas pour assurer ce service, le surplus des sommes nécessaires serait pris sur les revenus des douanes et autres impôts concédés, comme il est dit plus haut. L'excédant de ces revenus de la douane, après déduction des sommes nécessaires pour le service de l'emprunt nouveau et des anciens emprunts consolidés, reviendra au Trésor du Gouvernement.

Ces revenus et impôts seront perçus en monnaie d'or ou d'argent, ayant une valeur effective, et la soumission dont il est parlé ci-après ne sera jamais tenue d'accepter des payements en papier ou autre monnaie fiduciaire.

Cette garantie et affectation spéciale vient immédiatement après celle consentie, par privilége et antériorité, sur l'ensemble des ces mêmes revenus, au nouvel emprunt de 200,000,000 fr., contracté ce jour par le Gouvernement Ottoman; en sorte que les porteurs de la nouvelle Dette Consolidée seront créanciers hypothécaires de second rang, le premier rang étant réservé à l'inscription du nouvel emprunt, et ils seront désintéressés immédiatement après le service de l'annuité consentie au dit emprunt.

Art. 4. Les intérêts de la nouvelle Dette Consolidée seront payés sémestriellement en or, à Constantinople, Paris, et Londres. La jouissance du premier coupon ne commencera à courir qu'à partir du troisième mois à dater du présent.

L'amortissement se fera par voie de tirage au sort, et conformément aux restrictions stipulées par l'Article 5.

L'amortissement sera fait avec le reliquat des sommes disponibles provenant des revenus speciaux, délégués et affectés par le Gouvernement au service de la nouvelle dette, après payement des intérêts de cette dette.

Le quantum de cet amortissement sera calculé d'après les revenus budgétaires de l'Empire et dans les proportions suivantes:—

Pour le cas où ces revenus ne produiraient pas la totalité des sommes nécessaires pour faire l'amortissement prévu ci-après, pour l'ensemble de la dette, le reliquat annuel disponible sera employé par préférence au remboursement des titres des premières séries, par ordre et priorité alphabétique.

Art. 5. L'amortissement ne commencera que lorsque le Gouvernement aura pour revenu dans un budget annuel, en dehors de ses revenus indiqués plus haut et affectés au service de la nouvelle dette, la somme de £ T. 16,000,000. Il est fixé à 1 pour cent, et sera payé de la manière suivante:—

	£T.
½ lorsque les revenus atteindront le chiffre de	16,000,000
¼ " " " "	17,000,000
¼ " " " "	18,000,000
¼ (entier) lorsque les revenus atteindront le chiffre de	19,000,000

Art. 6. Si le montant de l'ensemble de tous les revenus généraux de l'Empire, y compris le reliquat du tribut Egyptien, existant actuellement, ou qui seront créés ou augmentés dans l'avenir, déduction faite des revenus et impôts indirects ci-dessus concédés, mentionnés à l'Article 3, ne produiront pas £ T. 14,000,000, somme reconnu nécessaire pour assurer la marche des services budgétaires de l'Empire, la nouvelle Dette Consolidée, après payement de l'annuité privilégiée, nécessitée par le service du nouvel emprunt de 200,000,000 fr., ne pourra absorber que les deux tiers de ces revenus, l'autre tiers faisant retour au Gouvernement, pour parfaire la dite somme de £ T. 14,000,000 et jusqu'à concurrence seulement de cette somme.

En raison de l'Article ci-dessus, la Commission Administrative dont il est parlé ci-après aura le droit de déléguer un de ses membres auprès du Ministère des Finances, afin de contrôler et vérifier la rentrée des revenus généraux de l'Empire.

Art. 7. En exécution de l'Article 3 le Gouvernement de Sa Majesté le Sultan, fermement convaincu de l'étroite solidarité qui unit son crédit aux intérêts des porteurs de la dette, et voulant donner à ceux-ci, en échange des sacrifices consentis par eux, une sécurité absolue, déclare délaisser et délaisse par le présent Décret, les produits de ses douanes et contributions indirectes de l'Empire, ainsi qu'il est dit à l'Article précité, au profit des porteurs de la nouvelle Dette Consolidée, dont ils constituent le gage hypothécaire incessible et insaisissable, jusqu'à concurrence des sommes nécessaires pour l'exécution des arrangements stipulés ci-dessus par le présent.

Une Commission Administrative composée de six membres, désignés comme il est dit ci-après, sera chargée de gérer et administrer dans leur ensemble, les revenus et impôts ci-dessus concédés, en sûreté et garantie de la nouvelle Dette Consolidée; elle encaissera directement les produits et en assurera la remise directe aux porteurs. Cette Commission administrera d'après les Lois, Règlements et Tarifs de l'Empire.

Cette Commission indepéndante, à laquelle le Gouvernement remet d'ores et déjà, par le présent Décret, l'administration et direction pleine et entière des revenus susdits, entrera immédiatement en fonctions et organisera avec son personnel à elle, l'exploitation des revenus et impôts concédés, suivant les voies et moyens qu'elle croira utile d'appliquer pour assurer la bonne marche de ces services dont elle aura le direction indépendante et absolue. Il est entendu qu'en dehors des hommes spéciaux nécessaires à l'administration, le reste du personnel sera choisi parmi les sujets Ottomans, et que tous les fonctionnaires qui, jusqu'au présent jour étaient nommés par Iradé Impérial, continueront à être nommés de la même façon, sur la proposition de la Commission, qui aura la faculté de changer ou révoquer ses fonctionnaires, en remplissant les formalités nécessaires.

On s'entendra avec le Gouvernement de Sa Majesté Imperiale, et lui prêtera son concours le plus dévoué, pour l'application des mesures propres à empêcher les raudes, assurer la perception régulière des revenus et impôts concédés, et à amener l'augmentation des Tarifs d'importation et d'exportation des douanes et impôts concédés, de façon à augmenter ces revenus dans les plus fortes proportions possibles.

Cette Commission de six membres sera composée de la façon suivante:—

Deux membres désignés par le Gouvernement Ottoman, dont l'un aura la Présidence, quatre membres ayant des connaissances spéciales, choisis deux par le Gouvernement Français et deux par le Gouvernement Anglais, sur la demande de la Sublime Porte.

Les six membres seront investis de leurs fonctions par Iradé Imperial, et leurs appointements seront payés par le Gouvernement Ottoman.

Cette Commission, tout-à-fait indépendante, prendra à dater de ce jour, possession des services et perception des revenus et impôts concédés.

Il est bien entendu que le Gouvernement Impérial mettra à la disposition de la Commission à Constantinople, et dans tout l'Empire, tous les locaux constructions, entrepôts, terrains, et dépendances quelconques actuellement affectés aux divers services des douanes et contributions concédés.

L'institution et la composition de la dite Commission avec les pouvoirs imprescriptibles qui lui sont délégués, étant la condition principale et expresse de la présente conversion, il ne pourra être apporté par le Gouvernement Ottoman aucune modification quelconque dans l'institution, la composition, et les prérogatives de cette Commission.

Art. 8. La banque officielle de l'Administration et des règlements sera la langue Turque.

Art. 9. Aucun règlement en vigueur ne sera changé sans l'approbation du Gouvernement Impérial.

Art. 10. Les frais de timbre et autres nécessaires pour rendre négociables les titres nouveaux à émettre en échange des titres anciens, tant à Constantinople qu'à Paris et à Londres, seront supportés par le Gouvernement Ottoman, qui prendra également à sa charge tous les droits de mutations et impôts pouvant grever ces titres comme par le passé.

La conversion et unification des divers emprunts, constituant l'ancienne Dette Consolidé, seront faites, comme prescrit le présent Décret, par les soins d'une Commission spéciale, appointée à cet effet par le Gouvernement Ottoman.

Dans le cas où l'imprunt de 200,000,000 fr., qui forme la base du présent projet, ne serait pas conclu, toutes les autres dispositions de ce projet seront considérées comme nulles et non avenues.

Emprunt de Deux Cent Millions de Francs.

Le Gouvernement Impérial Ottoman, pour faire face à ses besoins actuels, décrète un emprunt de 200,000,000 fr., qui sera réalisé aux clauses et conditions principales suivantes :—

Article 1er. Le groupe financier, concessionnaire du présent emprunt, versera entre les mains du Gouvernement Ottoman, ou compensera à sa réquisition, en mains tierces, dans les termes et délais ci-après stipulés, la somme effective de 200,000,000 fr.

Art. 2. Cette somme de 200,000,000 fr. sera fournie ou compensée à raison de 150,000,000 dans le mois qui suivra la ratification et notification du présent Décret. Le reste dans les deux mois subséquents à raison de 75,000,000 par mois.

Art. 3. En échange des sommes versées et au fur et à mesure de leur versement, le Gouvernement Impérial Ottoman remettra aux prêteurs une quantité d'obligations correspondant aux sommes avancées.

Les obligations portant intérêt à 6 pour cent par an, payable par semestre et en or, aux lieux indiqués par le prêteur, jouiront d'un amortissement de 1 pour cent par an, dont le montant sera calculé d'après le taux de l'intérêt ci-dessus spécifié.

Ces obligations, dont le type sera arrêté par le prêteur, seront prises au taux de 88 pour cent.

La somme de 200,000,000 fr. devant être versée intégralement au Gouvernement Ottoman, le montant de l'escompte ci-dessus sera payé et perçu en titres, en sorte que le montant nominal de l'emprunt sera majoré du montant du dit escompte.

Art. 4. En sûreté et garantie du présent emprunt de 200,000,000 fr. et du payement régulier de l'annuité, comprenant le service des intérêts et de l'amortissement stipulé à l'Article 3, le Gouvernement Ottoman affecte et délègue, par le présent Décret, aux porteurs des titres du dit emprunt, et ce, par privilége et antériorité hypothécaire, l'ensemble des revenus des douanes et des impôts indirects de l'Empire, comprenant le tabac (impôts et régies), les salines, les timbres, les spiritueux, et les patentes.

Ces revenus et impôts sont d'ores et déjà délaissés et remis aux mains d'une Commission indépendante, chargée de les administrer en toute propriété et en verser le montant directement aux porteurs du présent emprunt, jusqu'à concurrence des sommes formant l'annuité nécessaire pour le service de cet emprunt.

Art. 5. Cette Commission, instituée par Décret de ce jour, rentrera immédiatement en fonctions. Elle sera composée comme il est édicte d'autre part.

L'institution et la composition de la dite Commission avec les pouvoirs imprescriptibles qui lui sont délégués, étant la condition principale et expresse de la présente conversion, il ne pourra être apporté par le Gouvernement Ottoman aucune

modification quelconque dans l'institution, la composition, et les prérogatives de cette Commission.

Art. 6. Il est expressément entendu que les prêteurs contractant le présent emprunt sont nantis d'une hypothèque de premier rang, stipulé et sanctionné en leur faveur par le présent Décret, en sorte qu'ils sont dûment et irrévocablement nantis des gages, revenus, et impôts ci-dessus concédés par privilége et antériorité à tous autres droits passés, présents, ou futurs.

Art. 7. Le Gouvernement Ottoman emploiera tout ou partie des sommes provenant du présent emprunt au retrait de la totalité du papier-monnaie dit caimé, émis à ce jour.

Art. 8. Toutes les conditions subsidiaires de détail de l'exécution seront arrêtées ultérieurement, et d'un commun accord, entre le Gouvernement Ottoman et les Parties Contractantes.

Inclosure 2 in No. 6.

Draft of Convention.

ENTRE le Gouvernement de Sa Majesté Impériale le Sultan et le Comité Anglo-Français des Porteurs de la Dette Turque, dont le siége est à Paris, Place Vendôme, représenté par le Comte de Tocqueville, son Délégué et fondé de pouvoirs ;

Il a été stipulé ce qui suit :—

En raison du Décret d'unification et conversion, les divers titres de la Dette Publique Consolidée Ottomane, antérieure à 1876, en nouvelle rente consolidée 5 pour cent, suivant l'accord fait ce jour entre le Gouvernement Impérial Ottoman et le dit Comité, et pour faire suite et compléter ce Décret, est intervenu entre les dites parties contractantes la Convention suivante :—

ARTICLE I.

En exécution de l'Article 6 du décret précité, le Gouvernement de Sa Majesté Impériale charge exclusivement le Comité Anglo-Français susdit d'opérer la conversion des titres de l'ancienne Dette Consolidée en titres de la nouvelle rente créée en représentation, suivant les stipulations du Décret d'unification et conversion, et donne à ce Comité par les présentes les pouvoirs nécessaires pour mener à bonne fin cette opération suivant les voies du droit en usage.

ARTICLE II.

Le dit Comité fera l'avance de tous les frais de publicité, de confection des titres, frais d'agents, de bureau et guichets, de correspondance, de postes et chargements, en un mot tous les frais et debours nécessaires pour faire l'échange des titres sur les places de Constantinople, Paris, Londres, et Rome.

Il recevra, à titre d'indemnité à forfait, pour solder les frais sus-mentionnés un nombre de titres de la nouvelle rente consolidée 5 pour cent, dont le montant, calculé au cour moyen de cette rente coté dans le mois qui suivra le Décret de conversion, équivaudra à 1 pour cent sur le montant des nouveaux titres qui seront émis.

ARTICLE III.

Le Comité pourra déléguer tout ou partie de ses pouvoirs à des établissements de crédit aux agents qui seront chargés d'opérer la conversion sur les différents marchés d'Europe.

ARTICLE IV.

Le Gouvernement Impérial Ottoman appointera et déléguera des Commissaires pour signer et apposer les sceaux requis pour la validité et la négociabilité des rentes nouvelles.

Ces Commissaires seront chargés de contrôler et vérifier les bordereaux de conversion que leur fournira le Comité ; ils annuleront les anciens titres et auront mission de régler, pour le compte du Gouvernement Ottoman, les formalités et droits de timbre,

d'inscription, et d'admission aux différentes cotes officielles, requis pour la négociabilité des titres nouveaux sur les marchés de Paris, Londres, Constantinople, et Rome.

ARTICLE V.

La présente Convention deviendra définitive et recevra son exécution aussitôt que le Décret d'unification et conversion aura été rendu exécutoire.

No. 7.

Musurus Pasha to the Marquis of Salisbury.—(*Received February* 18.)

Ambassade Impériale Ottomane, Londres, le 17 Février, 1879.

My Lord,

J'AI eu l'honneur de recevoir la note que votre Excellence a bien voulu m'adresser le 13 de ce mois pour me demander d'appeler l'attention du Government Impérial sur les retards apportés dans le service de l'Emprunt Garanti de 1855.

Je n'ai pas manqué de communiquer à mon Gouvernement la teneur de la note précitée de votre Excellence ; et, dès que j'aurai reçu la réponse à cette communication, je m'empresserai d'en faire part à votre Excellence.

J'ai, &c.
(Signé) MUSURUS.

No. 8.

Lord Lyons to the Marquis of Salisbury.—(*Received February* 19.)

(No. 182.)

Paris, February 16, 1879.

My Lord,

WITH reference to my despatches No. 174 of the 14th instant, and No. 161 of the 11th instant, I have the honour to report to your Lordship that M. Waddington mentioned to me yesterday Comte de Tocqueville's scheme for raising a loan for the Porte.

M. Waddington said that he was being much pressed to propose to Her Majesty's Government that France and England should respectively designate the French and British members of the Commission which was to have the management of the branches of revenue appropriated to the charges on the new loan, and to the other purposes specified in the Tocqueville contract. Hitherto, however, he had, he told me, hesitated to do so. He had, in the first place, required that Comte de Tocqueville should show that he was supported by financial establishments and firms of adequate means and high character. He had especially insisted that the Imperial Ottoman Bank should be consulted, as he considered that although that establishment combined French as well as English elements, and had a Board of Directors in Paris as well as in London, it might still be taken to represent more particularly English interests and English views at Constantinople.

M. Waddington thought, moreover, that there were numerous considerations, financial, political, and international, which must be very carefully weighed before the British and French Governments assumed the responsibility of countenancing the scheme by appointing Commissioners. Among such considerations he would mention the Russian indemnity. Would it, or would it not, take precedence of the new loan? The Russians admitted that the old loans had the first claim on the revenues already specifically mortgaged to those loans, but would they allow that new loans could have on those, or any other branches of the revenue, a claim which would take precedence of the war indemnity to be paid to them?

M. Waddington told me that he was to receive Comte de Tocqueville that evening, but that he did not think that he should be able to give him any positive answer to his request respecting the appointment of the Commissioners.

I mentioned to M. Waddington that several people, and the Comte de Tocqueville himself among the number, had come of their own accord to me to give me information about the scheme.

I have, &c.
(Signed) LYONS.

No. 9.

The Marquis of Salisbury to Lord Lyons.

(No. 203.)

Foreign Office, February 21, 1879.

My Lord,

I HAVE to express to your Excellency the approval of Her Majesty's Government of the note (copy of which is inclosed in your despatch No. 170 of the 14th instant) which you addressed to the French Government relative to the failure of the Turkish Government to provide the funds necessary for the dividend and sinking fund of the 1855 Loan.

I am, &c.
(Signed) SALISBURY.

No. 10.

Lord Tenterden to Mr. Lingen.

Foreign Office, February 21, 1879.

Sir,

I AM directed by the Marquis of Salisbury to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a note from the Turkish Ambassador in London, conveying an invitation on the part of the Ottoman Government to that of Her Majesty to designate two gentlemen versed in finance, who should be nominated jointly with two Turkish and two French financiers, to serve on the Administrative Commission to be formed under the terms of a financial arrangement which has been concluded between the Turkish Government and M. de Tocqueville.*

Their Lordships will observe that, in consequence of these new arrangements, the Imperial Government will no longer require to avail itself of the services of the two officers belonging to the Customs Department in this country for whom application was made by the Porte.

I am, &c.
(Signed) TENTERDEN.

No. 11.

Lord Lyons to the Marquis of Salisbury.—(*Received February* 22.)

(No. 203.)

Paris, February 21, 1879.

My Lord,

WITH reference to my despatch No. 182 of the 16th instant, I have the honour to inform your Lordship that M. Waddington begged me the day before yesterday to ask your Lordship to take into consideration the scheme brought from Constantinople by the Comte de Tocqueville for the reorganization of the Ottoman finances.

M. Waddington said that he expected to receive, almost immediately, from finance establishments and capitalists of the highest character, a written offer to take up the Tocqueville concession on certain conditions.

Comte de Tocqueville, however, he went on to say, was not willing to accept the terms thus offered, and had put himself into communication with capitalists of less repute. His concession would have lapsed if he had not finally taken it up on the 18th instant, but he had telegraphed to Constantinople to take it up and to state that he had provided the 6,000,000 fr. (240,000*l.* sterling) which he was bound to deposit. If he had really provided this sum, he must have procured it from some of the capitalists with whom he was in treaty.

M. Waddington was not at all disposed to give any countenance to these proceedings of Comte de Tocqueville, but the offer from the financial establishments he had first mentioned, among which was the Ottoman Bank, was deserving of consideration.

Among the principal conditions would be that two English and two French Commissioners should be appointed by their respective Governments, and should not be removed without the consent of those Governments.

He was anxious, without making any formal proposal to your Lordship at present, to direct your attention to this special point.

On the one hand, the Turks seemed to be at the last gasp, and both France and England had a strong political and commercial interest in providing them with the means of living.

* No. 7.

On the other hand, it behoved the two Governments to be very cautious lest any step they took should lead their countrymen to advance money to the Porte on any doubtful security. In France, in particular, the Government would be called to the severest account by public opinion if they should appear to be responsible, however indirectly, for any loss which might accrue to subscribers to a new advance of money to Turkey.

Last night M. Waddington told me that he had received the written offer he had been expecting from the Ottoman Bank and other establishments, and that he should be glad to speak to me about it as soon the debate on the Amnesty Bill was concluded in the Chamber of Deputies. He hoped the Government Bill would be adopted the following day (to-day), but in the meantime he was obliged to postpone all but the most pressing business.

I have, &c.
(Signed) LYONS.

No. 12.

Lord Lyons to the Marquis of Salisbury.—(Received February 22.)

(No. 204.)
My Lord, *Paris, February* 21, 1879.

WITH reference to my immediately preceding despatch No. 203 of to-day, I have the honour to transmit to your Lordship herewith copies of two letters respecting the Tocqueville scheme.

The one is a copy of a letter addressed to M. Waddington by the Ottoman Bank, three other establishments of high repute, and Messrs. J. Camondo and Co., stating the conditions on which they would be prepared to take up the Tocqueville concession.

The other is a letter with the same signatures, protesting against an assertion stated to have been made that the co-operation of the English and French Governments had been promised to other parties.

As the copies were given to me before the letters themselves had actually been sent in to M. Waddington, it is possible that some changes may have been subsequently made, but I have no reason to doubt that the copies may be taken as substantially correct.

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 12.

The Ottoman Bank and other Banks to M. Waddington.

M. le Ministre, *Paris, le* 19 *Fevrier*, 1879.

NOUS avons eu l'honneur de vous remettre une note qui indiquait dans quelles conditions nous serions disposés à coopérer à un ensemble de mesures ayant pour objet le réglement de toutes les questions qui pèsent sur la situation Financière de la Turquie.

Convaincus que tout Projet qui ne comporterait pas l'examen complet des difficultés actuellement pendantes et de celles qui peuvent éventuellement surgir, ne forait que créer une nouvelle source de complications, et entraînerait une grave responsabilité pour ceux qui auraient accordé leur patronage à un règlement partiel et forcément provisoire, ne s'appliquant pas à toutes les catégories des réclamations contre le Gouvernement Ottoman, nous persistons à croire que la seule marche à suivre est de profiter des bonnes dispositions dont la Porte fait preuve en ce moment pour apporter dans l'administration et la répartition des revenus publics, par l'effet d'une intervention Européenne, l'ordre et la régularité qui ont fait défaut jusqu'à ce jour.

Cette prise de possession d'une partie des ressources de la Turquie opérée permettrait ultérieurement de procéder à la répartition équitable, entre les divers ayant-droit, de l'excédant qui resterait disponible, après que les besoins de l'Administration auraient été satisfaits.

C'est dans cet esprit que nous avons l'honneur de faire de nouveau devant vous les déclarations suivantes :—

1. La Banque Impériale Ottomane et les établissements soussignés sont disposés à se concerter sur les mesures à prendre, dans l'intérêt des créanciers de la Turquie à la suite de l'Iradé, en date de Janvier 1879, de Sa Majesté Impériale le Sultan.

2. Dès que la Commission instituée par l'Iradé de Janvier serait entré en exercice, ce groupe mettrait à la disposition de la Commission les sommes nécessaires pour le retrait partiel ou total des caïmés, cette avance nouvelle étant gagée sur telle des garanties énumérées au contrat qui serait jugée suffisante.

3. Lorsque la Commission aura publié son Rapport sur les revenus du Gouvernement Ottoman, le même groupe continuera son concours en se chargeant des opérations de la conversion et de la consolidation de la dette sur les bases de l'Iradé de Janvier, si le Rapport de la Commission les appuie.

Veuillez, &c.
Pour la Banque Impériale Ottomane,
(Signé) CH. MALLET.
Pour le Comptoir d'Escompte,
GEROD.
Pour le Crédit Lyonnais,
GERMAIN.
Pour la Société Générale,
ED. BLOUNT.
(Signé) J. CAMONDO ET CIE.

Inclosure 2 in No. 12.

The Ottoman Bank and other Banks to M. Waddington.

M. le Ministre, *Paris, le* 19 *Février*, 1879.

EN vous adressant la lettre ci-jointe, par laquelle nous avons l'honneur de vous exposer notre sentiment sur les questions actuellement à l'étude pour la réorganisation des finances Turques, nous croyons devoir vous faire remarquer que nous avions fait part de ces dispositions, ainsi que vous le savez vous-même, aux intermédiaires qui ont pris l'initiative de négociations avec la Porte.

Ce n'est pas sans surprise que nous avons appris que sans tenir compte des observations que nous avons eu l'honneur de vous soumettre, ils paraissent avoir pris des résolutions définitives qui ne laisseraient point place aux modifications dont nous avons signalé la nécessité, et semblent considérer comme acquise la coopération des deux Gouvernements Anglais et Français.

Il en résulte une situation remplie d'équivoques, et à laquelle vous penserez sans doute comme nous, M. le Ministre, qu'il est urgent de mettre un terme.

Veuillez, &c.
Pour la Banque Impériale Ottomane,
(Signé) CH. MALLET.
Pour le Comptoir d'Escompte,
GIROD.
Pour le Crédit Lyonnais,
GERMAIN.
Pour la Société Générale,
ED. BLOUNT.
(Signé) J. CAMONDO ET CIE.

No. 13.

The Marquis of Salisbury to Lord Lyons.

(No. 209.)
My Lord, *Foreign Office, February* 22, 1879.

I TRANSMITTED to your Excellency, in my despatch No. 208 of yesterday, a copy of a note which I have received from the Turkish Ambassador, stating that, in accordance with the terms of an arrangement concluded between the Turkish Government and M. de Tocqueville, it is proposed to institute a Commission, composed of six members, to be charged with the administration of the Customs and other indirect revenues of the Ottoman Empire which are to be pledged as security for the Consolidated Debt. Of this Commission two members are to be nominated by the Porte, and the other four are to be selected, two by Her Majesty's Government, and two by that of France. Musurus Pasha is accordingly instructed to request Her Majesty's Government to designate two English gentlemen specially qualified to serve on the Commission.

The considerations which occur at first sight in regard to the proposed scheme are, firstly, that it deals with securities already hypothecated to existing loans, and that no intimation has been received of the consent of the bondholders to the application of those securities to a fresh purpose. Further, that in the communication now in question there is nothing to show that it is proposed to give to the Commission a real and effective control over the administration of the Turkish Customs, such as could only be secured by the power of appointing and dismissing the officers subordinate to them at the outports.

I should be glad if your Excellency would take the earliest opportunity of speaking to M. Waddington upon this proposal, and asking whether he proposes to make the appointments solicited by the Turkish Government.

I am, &c.
(Signed) SALISBURY.

No. 14.

Lord Lyons to the Marquis of Salisbury.—(Received February 24.)

(No. 208.)
My Lord, *Paris, February 22, 1879.*

WITH reference to my despatches Nos. 203 and 204 of yesterday, and to your Lordship's despatch No. 208 of the same date, I have the honour to report to your Lordship that M. Waddington spoke to me again this afternoon on the subject of the new scheme for converting the Turkish loans, and making a fresh advance of 8,000,000*l.* sterling to the Porte.

M. Waddington told me that Safvet Pasha, the Ottoman Ambassador, had verbally requested him to appoint the two French Commissioners immediately, and had promised, at his request, to state in writing the terms of this application, but had not yet done so.

I said that I had received from your Lordship a copy of a written application to appoint the British Commissioners, which had been addressed to you by Musurus Pasha, the Ottoman Ambassador in London. I observed that in reading Musurus Pasha's communication, it had struck me that it spoke of the Commissioners very much as if they were to be simple employés of the Porte without any independent position, and that, at all events, the statement it contained as to the functions and powers of the Commissioners was of the vaguest kind. I added that there was certainly no mention in it of the condition that the British and French Commissioners should not be removed without the consent of their respective Governments.

M. Waddington answered that he considered this condition to be a *sine qud non;* and he added that he was not all prepared to appoint Commissioners without much more detailed and positive arrangements than had yet been proposed by the Porte.

M. Waddington went on to say that Comte de Tocqueville was endeavouring to sell his concession from the Porte, but had not yet succeeded in coming to terms with the capitalists to whom he had addressed himself. It was not, however, M. de Tocqueville's scheme as it stood that M. Waddington considered worthy of consideration. If an arrangement was to be made with the Porte, it must be rather on the terms suggested by the Ottoman Bank and the other important financial establishments who had written to him on the subject.

M. Waddington proceeded to show me the letter he had received from these Establishments, and he said that he would send me a copy of it.

So far as I could judge from memory, it did not differ from the draft or copy which formed the first inclosure in my despatch No. 204 of yesterday.

M. Waddington told me that Safvet Pasha had said that on the appointment of the new Commissioners, the Porte would no longer need the services of the officials conversant with the Customs administration for whom it had before applied to the English and French Governments. He added that fortunately the French official who had been selected in answer to this application had not yet left Paris.

I have, &c.
(Signed) LYONS.

No. 15.

Lord Lyons to the Marquis of Salisbury.—(Received February 24.)

(No. 209.)
My Lord, *Paris, February 22, 1879.*

ON my return home this afternoon from the interview with M. Waddington of which an account is given in my immediately preceding despatch No. 208 of to-day, I received a visit from M. C. Mallet, Director of the Ottoman Bank, and Mr. Blount, Director of the Société Générale.

They said that their two establishments, as well as the others which had addressed the letter to M. Waddington, held to the terms of it, and that they were anxious that the arrangement should be brought to a practical issue as soon as possible; for experience showed that, in affairs of this kind, parties were apt to draw back if long delay took place.

They told me that during the day telegrams had been received from Constantinople showing that the Ottoman Government did not consider that the Tocqueville concession was definitively established, but that, on the contrary, they were disposed to accept the terms the Paris establishments had offered. These gentlemen added, that in fact they had reason to believe that M. de Tocqueville had not really found the means of paying the 6,000,000 fr. (240,000*l.* sterling, which he had been bound to place in the hands of the Porte two or three days ago.

They said that they considered it essential, in any arrangements that should be concluded—

1. That provision should be made for some settlement of all the debts of the Porte, the Russian indemnity excepted.

2. That the French and English Governments should consent to appoint Commissioners.

3. That the Commission should have the full and independent collection and administration of the revenues to be pledged; and,

4. That the English and French Commissioners should not be removable without the consent of their respective Governments.

I have, &c.
(Signed) LYONS.

No. 16.

Lord Lyons to the Marquis of Salisbury.—(Received February 26.)

(No. 221. Confidential.)
My Lord, *Paris, February 25, 1879.*

WITH reference to my despatch No. 208 of the 22nd instant, I have the honour to inform your Lordship that M. Waddington has sent me confidentially a copy of a letter addressed to him on the 19th instant, by certain financial establishments in Paris, on the subject of the Tocqueville scheme for a loan to the Porte.

The copy does not appear to differ from that of which a copy formed inclosure No. 1 in my despatch No. 204 of the 21st instant, and which began with the words, "M. le Ministre, nous avons eu l'honneur de vous mettre."

I have, &c.
(Signed) LYONS.

No. 17.

Mr. Hamond to the Marquis of Salisbury.—(Received February 26.)

My Lord, *Grosvenor Hotel, Victoria Station, February 22, 1879.*

REFERRING to the protest I had the honour to make personally to you on the 20th against the proposed De Tocqueville scheme for the settlement of the Turkish External Debt, and the borrowing of 8,000,000*l.* sterling, I have now formally to protest against the said scheme as most unjust towards the Loans of 1858 and 1862, and merely to point out three or four of its provisions to show its perfect inutility.

1st. M. de Tocqueville only had authority to present to the Porte for its acceptance the scheme approved by the Anglo-French Committee, printed in the Turkey Blue Book, No. 46, pages 40 to 43, and for which your good offices were solicited in November last. This scheme required 3,000,000*l.* per annum for the future interest on price of issue of the External Debt of Turkey, giving up all arrears of interest. The proposals of M. de Tocqueville will involve an annual payment of 5,600,000*l.* as interest (a sum Turkey is notoriously totally unable to pay), and adds 20,000,000*l.* sterling to her debt as arrears of interest, upon which, in the future, interest is also to be paid.

2nd. That while the 6 per cent. loans contracted in France give up all their hypothecations secured to them by the Berlin Congress, and accept in exchange the Tribute of Bulgaria, her portion of the Turkish debt, also that of Servia and Montenegro, and the taxes of Eastern Roumelia, yet they fall back for the payment of their interest upon the securities of the English loans of 1858 and 1862, because they well know that these tributes and incomes are all yet undefined, not yet even in existence, and may never become of any real value.

3rd. That the Porte is to be entirely released for the future from all payment of the interest of the External Debt, even if 1*d.* be not received from the foregoing tributes and incomes, and receives into her own coffers the proceeds of all the hypothecations hitherto belonging to the 6 per cent. French loans.

4th. That in addition to this heavy burden upon the securities of the 1858 and 1862 loans, it is further proposed that the interest and sinking fund of the proposed new loan of 8,000,000*l.* sterling should become a first charge upon the hypothecations also of the loans of 1858 and 1862, and this first charge may be what amount the contractors of the loan please to fix.

Under these harsh proposals, almost amounting to confiscation of their property, the bondholders of the 1862 English loan appeal with confidence to Her Majesty's Government that they will not sanction any proposals for the settlement of the Turkish debt which does not seem to them by way of first mortgage upon their own hypothecations the reduced annual sum they have expressed their readiness to accept in future from the Porte.

I beg to annex copy of letter I addressed to M. Waddington on the 14th February, and likewise copy of the only authority sent to M. de Tocqueville from the English General Committee, and of which next week I purpose resigning the Chairmanship.

I have, &c.
(Signed) CHAS. FRED. HAMOND, *Chairman of the Committee of the* 1862 *Turkish Loan.*

Inclosure 1 in No. 17.

Mr. Hamond to M. Waddington.

Continental Hotel, Paris, February 14, 1879.

Your Excellency,

I HAD the honour of calling upon you to-day, but unfortunately found you were at Versailles. I have therefore explained to Lord Lyons the grave objections I have to the scheme Count de Tocqueville has brought from Constantinople for the settlement of the Turkish debt, and I have asked him kindly to explain them to you.

These proposals are so totally at variance with those the Anglo-French Committee had unanimously agreed to, and which were the object of Count de Tocqueville's mission to press upon the Porte for its acceptance, and they affect so prejudicially the English loans of 1858 and 1862, that until serious modifications are made I feel, as Chairman of the English General Committee of Turkish Bondholders, that I should exceed my powers were I to accept them without such alterations.

I will do myself the honour of more fully stating these objections on my return to London, communicating them also to Lord Salisbury, and I will endeavour likewise to ascertain the feelings of those bondholders whose loans are so greatly prejudiced by these unexpected proposals.

I have, &c.
(Signed) CHAS. FRED. HAMOND, *Chairman of the English General Committee of Turkish Bondholders.*

Inclosure 2 in No. 17.

The English General Committee to the Count de Tocqueville.

Dear Sir, *London, January* 21, 1879.

WE, the undersigned duly appointed delegates of the English General Committee of Turkish Bondholders, hereby authorize you to press upon the Porte for its acceptance the proposals of the unification of the 6 per cent. loans, the General Debt and Treasury bonds each into a 5 per cent. stock, founded upon the Hamond scheme and forwarded to you by Mr. Landon. This scheme proposes to convert the 6 per cent. loans into a unified 5 per cent. reduced stock, amounting to 29,539,620*l.* sterling, and the interest for its annual service to 1,522,870*l.*, that of the reduced General Debt to 24,160,000*l.*, requiring for its interest at 5 per cent. the sum of 1,209,000*l.*, and that of the Treasury bonds reduced to 4,800,000*l.* at 5 per cent. interest to 240,000*l.* per annum, amounting together to 2,971,890*l.*—the conditions and details of this arrangement to be the same as those of the Hamond scheme adopted by the Anglo-French Committee.

If the Porte, without further delay, accepts the principle of this proposal, we, on behalf of the English General Committee of Turkish Bondholders, also consent to the same, and authorize you to give that consent on our behalf, and we propose that the actual settlement of the matter and the mode of conversion of the different stocks shall be relegated to the Ottoman Ambassadors in Paris and London, with full powers to settle the same direct with the Anglo-French Committee, so that on the completion of this settlement the delegates of the Anglo-French Committee may proceed to Constantinople and there arrange with the Porte the appointment of the Commissioners at Constantinople, to whom are to be assigned the hypothecations and taxes for the future payment of the Unified Debt.

We are, &c.
(Signed) CHAS. FRED. HAMOND, *Chairman.*
JAMES LANDON, *Deputy-Chairman.*

No. 18.

The Marquis of Salisbury to Lord Lyons.

(No. 249.)

My Lord, *Foreign Office, February* 27, 1879.

YOUR Excellency's despatches Nos. 208 and 209 of the 22nd instant indicate that M. de Tocqueville's scheme is practically looked upon by the French Government and capitalists as lapsed, but that the French Minister for Foreign Affairs considers the propositions of the Ottoman Bank and its allies to be feasible. Those propositions have received some development within the last few days, notably in the fact that the plan for dealing with the creditors generally is to be entertained at once, and not postponed to any indefinite future.

I am aware of all the difficulties and delays which must attend any negotiations for dealing with the Ottoman creditors generally. But there are still greater difficulties in the idea of ignoring them altogether for the time.

The projected loan, which is to supply the immediate necessities of the Porte, will be secured on revenues already pledged to the bondholders of 1858 and 1862. It is, as I understand, to be a first charge on those revenues, and English and French Commissioners will be appointed to see that that first charge is paid. But if no measures are simultaneously taken for dealing with the claims of the bondholders, who are in reality the prior mortgagees, what will the position of the French and English Governments be, especially if, as is possible, the revenues indicated are only sufficient to satisfy the new loan and leave nothing for the old?

They will be appointing Commissioners charged with the duty, half-year after half-year, of paying to one set of men the money which has been formally appropriated to another.

This will be a very difficult position to sustain, either in argument or in practice, and, therefore, I do not see how we can escape taking into consideration, in the first instance, the interests of all the bondholders with whose securities we are proposing to deal anew.

This portion of the project is not, thus far, sufficiently matured to enable either Government to determine upon the expediency of appointing the Commissioners assigned to them. But I entirely concur in the opinion expressed by the capitalists, and which I gather is also the opinion of M. Waddington, that the position which it is proposed to

give to the English and French Commissioners would, in any case, be wholly unsatisfactory. It would be necessary not only that they should be irremovable, but that they should also have powers sufficient to enable them to do that which they undertake to do. They should have the appointment, without restriction as to nationality, and the dismissal of all employés concerned in collecting the revenue, with the supervision of which they are charged; otherwise they will be unable to secure that the dues shall either be honestly paid or properly appropriated.

I shall be glad to hear from your Excellency if any proposals are made to you in further detail for carrying into effect the proposed loan. If M. Waddington should consult you further upon the matter, I beg that you will communicate to him the view expressed in this despatch.

I am, &c.
(Signed) SALISBURY.

No. 19.

The Marquis of Salisbury to Sir A. Paget.

(No. 89.)
Sir, *Foreign Office, February* 27, 1879.

THE Italian Ambassador called upon me to-day and stated that he was instructed by his Government to protest against any scheme proposing to deal with the rights of the Ottoman creditors without the participation of Italy, who is interested to the extent of 27,000,000*l.*

His Excellency further informed me that a similar protest had been addressed by the Italian Ambassador at Paris to the French Government.

In reply, I promised to bear his Excellency's communication in mind, and added that the Count de Tocqueville's scheme for dealing with Turkish finance was probably a "coup manqué."

I am, &c.
(Signed) SALISBURY.

No. 20.

Lord Lyons to the Marquis of Salisbury.—(*Received February* 28.)

(No. 224. Confidential.)
My Lord, *Paris, February* 27, 1879.

THE despatch marked No. 209, which your Lordship did me the honour to address to me on the 22nd instant, crossed that of the same date marked No. 208, in which I reported to you a conversation which I had had on that day with M. Waddington on the De Tocqueville scheme for raising money for the Porte.

I spoke again to M. Waddington on the subject yesterday, and said to him, in the words of your Lordship's despatch, that there were two considerations which occurred at first sight in regard to the proposed scheme—

1. That it dealt with securities already hypothecated to existing loans, and that no intimation had been received of the consent of the bondholders to the application of these securities to a fresh purpose.

2. That in the application from the Porte to appoint Commissioners, there was nothing to show that it was proposed to give to the Commissioners a real and effective control over the administration of the Turkish Customs, to secure which it would be necessary, for instance, that they should have the power of appointing and dismissing the officers subordinate to them at the out-ports.

M. Waddington told me that he was still in communication with the financial establishments, of whose letter to him he had sent me confidentially a copy, but that he was not yet in a position to give a definitive answer to their proposals.

He could not, in fact, give at the moment a positive opinion as to whether it would or would not be eventually advisable that the British and French Governments should designate Commissioners; but, of course, he should do nothing in the matter without previous concert with Her Majesty's Government.

He added that he would tell me confidentially that he doubted very much whether

the scheme would ever come to anything; and that one of his reasons for the doubt was that it did not seem clear that the arrangements respecting the existing creditors of the Porte were equitable.

I have, &c.
(Signed) LYONS.

No. 21.

Mr. Bouverie to the Marquis of Salisbury.—(*Received February* 28.)

My dear Salisbury, 17, *Moorgate Street, E.C., February* 26, 1879.

IN the matter of Turkish finance, will you let me ask you if the Government have agreed, or are going to agree, to the French scheme for a new loan, one main feature of which is, that Her Majesty's Government should appoint two Commissioners to administer the Turkish revenues?

You will remember that the Commissioners here, for the 1858 and 1862 secured loans, protested at Berlin against their security being handed over to the general creditors. They do still protest, and I can hardly imagine that the Government will be a party to their being deprived, against their consent, of securities formally pledged to them.

I am, &c.
(Signed) E. P. BOUVERIE.

P.S.—I inclose a copy of the protest made last year.

Inclosure in No. 21.

Turkish Debt.

THE Council of Foreign Bondholders communicate the following correspondence with reference to the above:—

Council of Foreign Bondholders, 17, Moorgate Street,
My Lord, *London, E.C., June* 18, 1878.

I have the honour to transmit to you the inclosed protest on the part of the English Commissioners representing the bondholders of the Turkish Loans of 1858 and 1862 against any alteration of the securities pledged to them by the Turkish Government, for which I have to request your Lordship's perusal and consideration.

I have, &c.
(Signed) E. P. BOUVERIE.

The Most Honourable the Marquis of Salisbury,
Secretary of State for Foreign Affairs.

The Undersigned are Commissioners duly nominated in the manner hereinafter described to represent the bondholders of the Turkish loans contracted in 1858 and 1862 respectively, and desire to bring the special position of these loans under the notice of Her Majesty's Secretary of State.

The Loan of 1858 was issued in London by Messrs. Dent, Palmer, and Co. for 5,000,000*l.* at 6 per cent., with a 2 per cent. sinking fund. It was charged by an Imperial Firman dated the $\frac{1}{13}$th November, 1858, on the revenues of the Ottoman Government, and as a special guarantee "the duties of the customs levied and collected at Constantinople, together with such of its octroi duties as accrue directly to the Exchequer," were declared by the same Firman "to have been assigned and appropriated as a fund for the payment of the principal of the said loan with its interest."

Of this loan there is

	£
Principal unpaid an amount of	3,454,800
Interest unpaid	497,441
Drawings unpaid	229,950
	4,182,191

The Loan of 1862 was also issued in London. Its amount was 8,000,000*l.*, with a 2 per cent. sinking fund. An Imperial Firman, dated the 8th April, 1862, declared "that the whole revenues of the Government, and particularly, as a special guarantee, the revenue now derived, or hereafter to be derived, from the articles of tobacco, salt, stamps, and patents, have been assigned and appropriated. And a Bond has, with my Imperial sanction, been made and delivered by my said Grand Vizier, dated the 7th day of April, 1862, hypothecating the said revenues as a fund for the said loan, with interest thereon."

The Bond signed by the Grand Vizier above referred to contained the following obligation:—

The undersigned doth, in pursuance of the powers and authorities vested in him for that purpose, hereby irrevocably bind and oblige the Government of his Imperial Majesty, and all and singular the general resources of the Ottoman Empire and Government, to the payment of the said loan, principal and interest as hereinafter stipulated, and in particular doth specially and irrevocably charge therewith, as an additional guarantee, all and singular the revenues now derived or hereinafter to be derived by the Imperial Government from the articles of tobacco, salt, stamps, and patents.

	£
Amount of this loan now due	3,999,900
,, unpaid interest due	824,942
,, drawings unpaid due	999,750
	5,824,592

In 1872 the bondholders of the Loans of 1858 and 1862 successfully opposed the giving of a quotation of a new loan on the Stock Exchange till faith had been kept with them as to the mode in which the interest of their two loans was remitted to London, in accordance with the engagements made by the Turkish Government at the time of their issue. The result was that the Turkish Government undertook, through two letters of their Chargé d'Affaires here, to provide in a specified way for the service of the two loans respectively, and in these letters provision was made that the bondholders of each should appoint Commissioners (two in the case of the 1858 Loan and three in the case of the 1862 Loan) to see to the proper execution of the undertaking. These two sets of Commissioners subsequently combined together, and the undersigned form the joint Commission.

The undersigned desire to represent to Her Majesty's Secretary of State, and through him to the Congress now assembled at Berlin, that they claim the full benefit of the prior charge conferred on those they represent by the Firmans already quoted on the funds and sources of revenue specifically hypothecated to the bondholders of the Loans of 1858 and 1862 respectively.

And they firmly and strongly protest against any alienation of such revenues, or any part of them, or the charge thereon, which may lessen or defeat their security, and against any scheme or proposal for the arrangement of the Turkish debt, or for the payment of the Turkish creditors, which shall treat the bondholders of 1858 and 1862 as mere general creditors of the Imperial Ottoman Government, and the revenues specially devoted and alienated to them as security for their advances as liable to be brought into general contribution as part of the Turkish public revenues pledged or to be pledged to the general engagements, past or future, of the Turkish Government, irrespectively of the hypothecation or mortgage to themselves.

They claim respectively but firmly to be in the position of creditors specially secured, and they insist they cannot be deprived of the securities, which, according to all legal form, have been respectively assigned to them, without a flagrant violation of good faith, against which, if it is proposed, they invoke, as British subjects, the aid of Her Majesty's Representatives in the Congress to protect them.

(Signed) E. P. BOUVERIE.
ROGER EYKYN.
THOMAS RUMBALL.
H. A. WITHERS.
F. BENNOCH.

Berlin, June 25, 1878.

I am directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 18th instant, in which you inclose a protest on the part of the English Commissioners representing the bondholders of the Turkish Loans of 1858 and 1862 against any alteration of the securities pledged to them by the Turkish Government, and I am to assure you that the matter shall receive the serious attention of Her Majesty's Plenipotentiaries.

I am, &c.
(Signed) PHILIP CURRIE.

The Right Hon. E. P. Bouverie,
Council of Foreign Bondholders,
17, Moorgate Street, London, E.C.

No. 22.

Mr. Landon to the Marquis of Salisbury.—(*Received February 28.*)

Reform Club, February 26, 1879.

My Lord,

I HAVE the honour to inform your Lordship that at a meeting of the General Committee of Turkish bondholders, held this day at No. 6, Adelphi Terrace, the Convention dated the 30th January, 1879, and concluded with the Sublime Porte by Count de Tocqueville, as the representative of the Anglo-French Committee, for the settlement of the whole exterior debt of Turkey (with the exception of the Tribute Loans and the Guaranteed Loan of 1855), was approved and accepted, and I am requested to express the hope of the Committee that Her Majesty's Government will be pleased to accede to the request of his Imperial Majesty the Sultan to appoint two English Commissioners to act in conjunction with two French and two Turkish Commissioners in carrying out the conditions and stipulations of the said Convention.

I have, &c.
(Signed) JAMES LANDON, *Chairman.*

No. 23.

Lord Lyons to the Marquis of Salisbury.—(*Received March 2.*)

(No. 239.)

Paris, March 1, 1879.

My Lord,

LAST night I made M. Waddington acquainted with the contents of your Lordship's despatch No. 249 of the day before yesterday respecting the De Tocqueville scheme and the proposals to which it has given rise, on the part of French capitalists, with regard to an advance of money to the Porte.

M. Waddington said that the more he looked at the scheme the less he liked it. He did not, however, believe that the Porte was yet out of Comte de Tocqueville's hands. The Count himself had disappeared for some days, but it was believed that he had found the means of making the first deposit of 600,000 fr. with the Porte, and that he was in treaty with certain capitalists for the sale to them of his contract.

It was not, however, upon the insufficiency of the powers of the Commission that M. Waddington rested his objections. The Decree which Comte de Tocqueville had obtained appeared to him to give the Commission the complete and independent administration of the revenues pledged, and he understood that the Porte had recently consented to declare explicitly that the Commissioners to be designated by France and England should not be removed without the consent of their respective Governments.

This transfer of the administration of the pledged revenues to an International Commission was, in fact, in M. Waddington's eyes, the attractive part of the scheme.

On the other hand, however, there were, in his opinion, very serious objections to the scheme being sanctioned by the appointment of Commissioners by the French and English Governments.

In the first place, the profits to be made by the contractors seemed to him to be scandalously usurious. In the second place, he could not approve of the mode in which it was proposed to deal with the existing Ottoman funded debts. The holders of these debts were promised a fixed interest, but what security was given, or could be given, that

there would be the means of paying this interest? There was no sufficient information as to the amount which could be collected. The promise to the bondholders might turn out to be a mere lure.

These observations applied specially to the original De Tocqueville scheme, but M. Waddington felt difficulties also respecting the plan proposed in lieu of it by the eminent financial establishments from which the letter addressed to him on the 19th ultimo proceeded.

For instance, he entirely agreed with your Lordship that it was impossible the two Governments should place themselves in a position to see Commissioners appointed by them handing over to the bondholders of the new loan the proceeds of revenues previously pledged to the holders of the old loans.

Then there were difficulties about the unfunded liabilities of the Porte.

The financial establishments, in the letter to him, insisted that the new arrangements should extend to all these liabilities.

Would the Russians admit that advances made to the Porte during the war or since the war could take precedence of the war indemnity?

There were other difficulties which suggested themselves, and M. Waddington, though not as yet prepared to set aside all the plans proposed and finally to refuse to designate Commissioners, must confess that he had almost lost the hope of bringing any of the schemes proposed to a satisfactory issue.

On the other hand, it was impossible to abandon the bondholders altogether, and he was inclined to think that the best way out of the difficulty might be to have recourse to the establishment of the International Financial Commission contemplated by the 18th Protocol of the Congress of Berlin.

His Excellency said in conclusion that he was, in fact, considering the question of proposing to the other Powers to take the steps necessary for appointing the Commission in question and setting it to work.

I have, &c.
(Signed) LYONS.

No. 24.

Carathéodory Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury, by Musurus Pasha, March 2.)

(Télégraphique.) *Constantinople, le 25 Février*, 1879.

A LA suite des arrangements convenus avec M. de Tocqueville, le Comte Corti a adressé une note à la Sublime Porte dans laquelle, après avoir objecté contre l'exclusion de spécialistes Italiens au sein de la Commission qui doit être chargée de l'Administration des contributions indirectes, exclusion qu'il considère comme un danger pour les intérêts des Italiens porteurs de fonds Ottomans, il rappelle, au nom de son Gouvernement, la Commission Internationale dont le Congrès de Berlin a recommandé l'institution. Dans notre réponse au Ministre d'Italie, nous avons démontré au Gouvernement Italien que ses scrupules et ses susceptibilités étaient sans fondement; qu'en effet la désignation par les Gouvernements Anglais et Français des Délégués des porteurs de titres conformément à la Convention Tocqueville n'avait et ne pouvait avoir aucun caractère politique; que ce mode de procéder n'avait été adopté que pour donner aux intéressés, qui ne pouvaient eux-mêmes désigner ces Délégués, les meilleures garanties d'un bon choix; qu'enfin il était tout naturel que, dès l'instant où la Sublime Porte devait renoncer à nommer seule ces Administrateurs étrangers, on s'adressât pour cette désignation aux deux pays chez lesquels tous les emprunts extérieurs ont été contractés et émis, et dont le public détient actuellement encore la plus grande partie des titres Ottomans. En ce qui touche la Commission Financière prévue au Protocole No. 18 du Congrès de Berlin, nous avons prié le Gouvernement Italien de vouloir bien considérer que l'entente entre l'Etat et ses créanciers que l'arrangement avec M. Tocqueville devait avoir pour but de favoriser étant en voie d'être obtenue, il ne semblait pas qu'il y eût lieu de s'en occuper actuellement. Nous avons donc tout lieu d'espérer que ces explications suffiront pour faire cesser tout malentendu avec l'Italie sur le caractère et, la portée des mesures financières dont s'occupe la Sublime Porte; et je vous prie, le cas échéant, de fournir les mêmes informations au Gouvernement auprès duquel vous êtes accrédité. Je vous enverrai par courrier les deux notes échangées à ce sujet entre mon Département et la Légation d'Italie.

No. 25.

Sir A. H. Layard to the Marquis of Salisbury.—(Received March 3.)

(No. 165.)
My Lord, *Constantinople, February* 20, 1879.

I HAVE the honour to inclose two official communications which have been published relating to the Tocqueville Convention and the withdrawal of the paper currency.

The first states that the Porte has instructed its Ambassadors in London and Paris to request the Governments of England and France each to name two members to the Commission entrusted with the organization and administration of the revenues conceded under the Convention, and states that Sabri Pasha has been named President, and Michael Effendi Portugal member of the Commission.

The second explains the decision of the Porte to withdraw the paper currency at the fixed rate of 400 piastres, that is to say, to give one Turkish pound of the value of 100 piastres in coin for 400 piastres in paper.

It states that it found itself in the alternative of adjourning the withdrawal indefinitely or of offering the present terms, which are in proportion to its pecuniary resources.

In the first case the injury would be perpetuated. In the second the country will be relieved of the paper currency, and public prosperity will no longer be hindered by a monetary system which has produced nothing but disorder.

The communication observes that as the paper money has passed, by means of its circulating power, out of the hands of its original receivers, and as the present holders have, for the most part, obtained it at a lower rate than the fixed rate of redemption, the measure now decreed by the Sublime Porte will cause neither ruin nor present loss.

I have, &c.
(For Sir A. H. Layard)
(Signed) EDWARD B. MALET.

Inclosure in No 25.

Extract from "La Turquie" of February 19, 1879.

LA Sublime Porte a chargé aujourd'hui télégraphiquement ses Ambassadeurs à Londres et à Paris de demander aux Gouvernements Français et Anglais les deux hommes spéciaux qui, conformément à la Convention Tocqueville, doivent faire partie de la Commission chargée de l'organisation et administration des contributions cédées. Elle vient également de nommer son Excellence Sabri Pacha et Michaël Effendi Portugal—le premier, Président, et le dernier, membre de la dite Commission.

Le Gouvernement Impérial a déjà fait connaître au public sa résolution d'effectuer le retrait complet du caïmé au cours fixe de 400 piastres, c'est-à-dire d'échanger quatre caïmés de 100 piastres contre une livre Turque.

Cette mesure rendue possible au moyen des ressources que procurent au Trésor les arrangements financiers, récemment conclus par le Gouvernement Impérial, s'explique et se justifie par des considérations capitales dont le public a déjà lui-même reconnu et apprécié la valeur. Il est évident que le Gouvernement Impérial aurait voulu opérer le retrait du caïmé dans des conditions plus favorables et se rapprochant davantage du cours d'émission; mais, en raison de l'exiguïté des ressources dont il dispose, il se trouvait dans cette alternative soit d'ajourner indéfiniment la mesure libératrice du retrait du caïmé, faute de moyens financiers suffisants pour l'opérer dans de meilleures conditions, soit d'adopter, comme il le fait aujourd'hui, un cours de change moins avantageux pour le public, mais en rapport avec ses ressources présentes.

Dans le premier cas, le mal se fût perpétué au grand dommage des intérêts les plus sérieux du pays, que le Gouvernement a pour devoir de sauvegarder; dans le second cas, celui qui se réalise aujourd'hui par suite d'une décision du Conseil des Ministres approuvée par Iradé Impérial, le pays va se trouver délivré du papier-monnaie, et le développement de la prospérité publique ne sera plus entravé par les vices d'un régime monétaire qui n'a enfanté que des désordres.

A cette considération décisive s'en joint une autre non moins importante qui ne permettait pas au Gouvernement Impérial de consacrer toutes ses ressources présentes au retrait du caïme ; c'est qu'eût-il voulu le faire il en eût été empêché par le devoir qui lui incombe de ne point porter exclusivement sa sollicitude sur une de ses obligations publiques, en laissant en souffrance toutes les autres. Il lui était impérieusement commandé de disposer de ses ressources présentes pour le bien de l'Etat et du pays, en faisant une part légitime à tous les services publics et à toutes les obligations présentes.

En procédant comme il le fait, le Gouvernement Impérial s'est donc inspiré d'une juste appréciation des intérêts généraux du pays, autant qu'il a obéi à la loi de la nécessité.

Le cours de 400 piastres pris pour base du retrait du caïmé, si éloigné qu'il soit du cours d'emission, est au-dessus du cours actuel.

Il faut en outre considérer que le papier-monnaie, par l'effet même de sa puissance de circulation, est sorti depuis longtemps des mains qui l'avaient reçu primitivement et que les détenteurs actuels l'ont en général acquis à des cours inférieurs au prix du rachat; de sorte que la mesure décrétée par la Sublime Porte ne peut être la cause d'aucune ruine, d'aucune perte présente. Enfin la population toute entière doit se trouver heureuse de s'associer aux efforts du Gouvernement pour supprimer cette cause constante et jusqu'ici irrémédiable de la stagnation des affaires et de la misère publique, et elle accueillera le Décret du Gouvernement Impérial comme une mesure non-seulement de nécessité, mais de libération.

Le $\frac{8}{18}$ Février, 1879.

No. 26.

Sir A. Paget to the Marquis of Salisbury.—(Received March 5.)

(No. 77.)

Rome, February 28, 1879.

My Lord,

IN a conversation which I had yesterday with M. Depretis I alluded to the information conveyed in Mr. Malet's telegram, repeated to me by your Lordship on the 25th instant, stating that Count Corti had addressed a note to the Turkish Minister for Foreign Affairs calling upon the Porte to name a Financial Commission, in accordance with the terms of the declaration in the 18th Protocol of the Treaty of Berlin.

M. Depretis, in reference to this subject, began by alluding to the frequent interpellations which had been addressed to the Government in both branches of the Legislature relative to the measures which they had taken for protecting the interests of the Turkish bondholders in Italy. Notices of two others had just been given him, his Excellency said, in the Chamber of Deputies.

When, therefore, his Excellency continued, the negotiations for the loan to be provided by M. de Tocqueville had commenced, the Italian Government had thought it incumbent on them to draw the attention of the Turkish Government to the fact that the customs revenues, which it was proposed to assign as a guarantee for the new loan, had been already partly pledged as security for the loans already contracted, and Count Corti was directed to send in a note for this purpose.

As, however, it appeared for some time doubtful whether the negotiations with M. de Tocqueville would have a successful issue, the matter was not pressed by the Italian Minister.

But, as the arrangements with M. de Tocqueville had been completed, the Italian Government, M. Depretis said, had thought it only due to the holders of Turkish bonds in Italy to take a further step in this matter. They had, therefore, instructed Count Corti to address another note to the Turkish Minister for Foreign Affairs, again representing that the revenues of the Constantinople Custom-house had already been pledged as security for previous loans; consequently their assignment as a guarantee for a fresh loan was an injury inflicted on the existing bondholders; that Italy, considering the great amount of Turkish stock held in this country, had at least an equal right to expect that an Italian as well as an English and French Commissioner should be appointed to control the application of the customs revenues; but that as this claim had been ignored by the Turkish Government, the Italian Government now called upon them to name a Financial Commission in accordance with the terms of the declaration inserted in the 18th Protocol of the Congress of Berlin.

M. Depretis added that a communication respecting this last note had been made to the Cabinets of the other Great Powers.

I replied to his Excellency that, without venturing to criticize the measures which the Italian Government might think it their duty to take for the protection of the interests of Italian subjects, I could not refrain from the remark that, as the declaration of the First Italian Plenipotentiary at Berlin had been presented in the name of his colleagues of Great Britain and France as well as his own, it would have appeared more natural to communicate with the Governments of England and France before calling upon the Porte to give effect to the declaration in question instead of after.

M. Depretis seemed to admit that this would have been, perhaps, the more regular course.

I have, &c.
(Signed) A. PAGET.

No. 27.

Lord Tenterden to Mr. C. F. Hamond, M.P.

Sir, *Foreign Office, March* 3, 1879.

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 22nd ultimo, protesting, on behalf of the Committee of Bondholders of the Turkish Loan of 1862, against the arrangement entered into by the Porte with M. de Tocqueville for the readjustment of the Turkish foreign debt.

I am, &c.
(Signed) TENTERDEN.

No. 28.

Lord Lyons to the Marquis of Salisbury.—(Received March 6.)

(No. 266.)

Paris, March 5, 1879.

My Lord,

WITH reference to my despatch No. 239, of the 1st instant, I have the honour to inform your Lordship that M. Waddington told me yesterday that he deferred coming to a positive conclusion about the plans founded on the de Tocqueville Concession, until he and the Minister of Finance had conferred with the representatives of the establishments from which the letter to him of the 19th ultimo emanated.

He added, however, that he had very little hope that any of the plans could be brought to a practical issue, and that he was still considering the question of assembling Commissioners under the 18th Protocol of Berlin, to examine the question of giving relief to the creditors of the Porte.

I have, &c.
(Signed) LYONS.

No. 29.

Carathéodory Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, March 6.)

Constantinople, le 4 *Mars*, 1871.

JE vous communique ci-après *in extenso* la note que j'ai adressée hier au Prince Labanoff en réponse à sa note du 28 Février relative à l'arrangement financier conclu avec M. de Tocqueville :—

"Je m'empresse de répondre à la note que votre Excellence a bien voulu m'adresser le 28 Février, au sujet des arrangements financiers récemment conclus par la Sublime Porte.

"Votre Excellence rappelle les déclarations contenues dans le Protocole No. 11 du Congrès de Berlin qui conserve le droit de propriété des hypothèques déjà affectées aux dernières dettes de l'Empire Ottoman, et exprime la conviction qu'en vertu de ce même principe la Russie doit exercer un droit de privilége rigoureux à l'égard de tous

les autres revenus non encore ; droit qu'aurait méconnu la Sublime Porte par l'affectation de certains revenus nouveaux, tels que le tribut de la Bulgarie, au service de l'opération financière récemment conclue. Enfin, votre Excellence croit devoir s'élever contre la dévolution qui aurait été faite à des Délégués Anglais-Français d'un mandat de surveillance sur les revenus généraux de l'Empire, et exprime l'avis que le seul moyen de concilier tous les intérêts serait l'établissement de la Commission Financière Internationale prévue par le Protocole No. 18 du Congrès de Berlin.

"Je prie votre Excellence tout d'abord d'être bien convaincue que la Sublime Porte, en adoptant les mesures financières que votre Excellence connaît, n'a point perdu de vue un seul instant les obligations réelles ou morales qui peuvent résulter pour elle du Traité du [illegible] 1879, ou des énonciations des Protocoles du Congrès de Berlin. La lecture attentive de la discussion et des déclarations insérées dans le Protocole No. 11 du Congrès de Berlin permet d'affirmer qu'il n'est jamais entré dans la pensée de la Sublime Porte . . . . de classer ses créanciers suivant un ordre déterminé; les Plénipotentiaires Ottomans ont, au contraire, écarté avec soin toute idée de cette nature, en faisant remarquer que, dans l'état actuel des finances Ottomanes, il était impossible d'assigner l'ordre dans lequel l'indemnité de guerre pourrait trouver place dans la série des dettes de l'Etat. Aussi la Haute Assemblée s'est-elle bornée à prendre acte des déclarations des Plénipotentiaires Russes affirmant que, dans les questions financières, la Russie respecterait les droits acquis des créanciers antérieurs, et que l'indemnité de guerre n'affecterait pas en général les intérêts des créanciers de la Turquie. Il n'y a donc eu de la part de la Sublime Porte aucun engagement direct ou indirect pouvant restreindre son droit naturel d'user de ses revenus anciens ou nouveaux comme elle l'entend et suivant les exigences des services de l'Etat, en tenant, bien entendu, un juste compte des intérêts légitimes de ses créanciers. Or, dans l'opération qui vient d'être conclue par l'arrangement Tocqueville à la date du 8 Février, le Gouvernement Impérial Ottoman non-seulement a agi dans la plénitude de son droit, mais encore a pris des engagements qui ne sauraient raisonnablement être critiqués par aucun de ses créanciers non-gagés, puisque ces arrangements ont pour effet de diminuer notablement le montant de la dette intérieure publique et extérieure, de dégager une partie notable des revenus antérieurement affectés aux emprunts extérieurs, et d'amener la suppression du papier-monnaie; toutes mesures qui tendent à l'amélioration des finances et à la restauration du crédit de l'Etat. Votre Excellence a bien voulu, en effet, reconnaître que le Gouvernement de Russie, en tant que créancier du Gouvernement Ottoman du chef de l'indemnité de guerre arrêté par le Traité du [illegible] 1879, n'aurait point à se plaindre de ce nouvel état de choses, si, parmi les affectations attribuées à la nouvelle Dette Consolidée, ne figurait certains revenus non encore engagés; tels que le tribut de la Bulgarie; mais ce grief tout spécial s'entrepose devant cette double considération, d'une part, que la Turquie, ainsi que je l'ai démontré plus haut, n'a jamais aliéné son droit de disposer de ses revenus pour assurer l'existence de l'Etat, et d'autre part, que le tribut Bulgare avait été toujours destiné dans la pensée des Puissances réunies à Berlin à être attribué aux porteurs de titres Ottomans, ainsi qu'il résulte du Protocole No. 7 du Congrès de Berlin, et du fait que les revenus généraux de l'Empire dont le tribut de la Bulgarie fait partie étaient déjà en garantie de ces dettes. J'ajoute qu'en ce qui touche la partie affectée aux Principautés déclarées indépendantes dans la Dette Publique Ottomane, l'énonciation seule de cette stipulation suffit pour indiquer que ce revenu doit appartenir de plein droit aux porteurs de titres de cette dette.

"En ce qui concerne la Commission chargée d'administrer les contributions indirectes dans laquelle figurent deux membres Anglais et deux membres Français, il est de mon devoir de restituer à cette institution aux yeux du Gouvernement Impérial Russe son véritable caractère. Ainsi que la Sublime Porte a déjà eu l'occasion de le constater, ce mode d'administration n'a été adopté que pour donner plein pouvoir aux porteurs de titres de la Dette Consolidée, et la désignation qui sera faite par les Gouvernements Anglais et Français, sur la demande du Gouvernement Impérial, de quatre Administrateurs étrangers ne peut, à aucun titre, être considérée comme un acte de nature à créer des préoccupations politiques.

"Quant à la Commission Internationale recommandée à la Sublime Porte par les Puissances réunies au Congrès de Berlin, votre Excellence n'hésitera pas à reconnaître que son institution serait actuellement sans objet. Jusqu'à présent . . . . mandat devait consister à amener une entente entre l'Etat et ses créanciers, porteurs de titres de sa Dette Publique, et ce résultat si désirable va se trouver atteint par les arrangements financiers intervenus entre la Sublime Porte et le Représentant des Comités de porteurs

de titres. Votre Excellence me permettra d'espérer que ces loyales explications ne laisseront subsister dans l'esprit du Gouvernement Impérial de Russie aucun doute sur la légitimité des mesures financières décrétées par la Sublime Porte, et suffiront pour effacer les préventions qu'une première impression avait pu lui inspirer à ce sujet."

No. 30.

Khaïreddin Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, March 6.)

(Telegraphic.) *Constantinople, le 5 Mars*, 1879.

VEUILLEZ demander au Ministre des Affaires Etrangères et me faire savoir immédiatement les motifs qui peuvent faire retarder la nomination des Commissaires, du moment que le groupe financier est sérieusement formé. Insistez pour qu'on les nomme, et rappelez au Ministre que le contrat expire le 14 de ce mois.

No. 31.

The Marquis of Salisbury to Musurus Pasha.

(Private.)

Dear Musurus Pasha, *Foreign Office, March* 6, 1879.

I AM not in a position to give an official answer to the telegram which you left with me this afternoon, relating to the appointment of Commissioners in connection with the de Tocqueville concession, but I may tell you privately that I hear from Paris that the French Government have not yet come to any definitive conclusion about the plans which have been submitted to them, and that until they have done so it is beside our powers to take any action in the matter.

Their proceedings at Constantinople, and the course of the Ottoman Ministry in negotiating it entirely without any consultation with or information to Sir H. Layard, would make it improper for us to consider our policy in this matter until we know that of France.

I am, &c.

(Signed) SALISBURY.

No. 32.

The Marquis of Salisbury to Sir A. Paget.

(No. 105.)

Sir, *Foreign Office, March* 7, 1879.

I HAVE received your Excellency's despatch No. 77 of the 28th ultimo, reporting a conversation which you have had with M. Depretis respecting the request that the Italian Government has addressed to the Porte to name a Financial Commission in accordance with the terms of the declaration in the 18th Protocol of the Treaty of Berlin; and I have to state to your Excellency that Her Majesty's Government approve your language to M. Depretis on this subject.

I am, &c.

(Signed) SALISBURY.

No. 33.

Mr. Malet to the Marquis of Salisbury.—(Received March 11.)

(No. 201.)

My Lord, *Constantinople, March* 3, 1879.

I HAVE the honour to inclose a copy of a paper giving the substance of the note of the Russian Government regarding the Tocqueville Convention, and of a paper giving the substance of the reply made by the Porte.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure 1 in No. 33.

Extract from the Russian Note of February $\frac{13}{25}$, 1879.

PRINCE LABANOFF déclare que le Gouvernement Russe n'aurait élevé aucune objection contre la combinaison financière si des hypothèques qui y sont affectées étaient seulement celles mentionnées au Protocole No. 11 de Berlin, mais qu'en engageant dans la nouvelle combinaison des nouveaux revenus non encore hypothéqués le Gouvernement Turc méconnaît le droit incontestable de priorité qui appartient à la Russie sur tous les revenus non grevés d'hypothèque au moment de la signature du Traité de Berlin.

Le Prince Labanoff ajoute que son Gouvernement ne peut voir non plus avec indifférence l'institution d'une Commission qui doit s'immiscer dans les affaires financières de la Turquie, et dans laquelle, outre les membres Ottomans, ne figurent que des Délégués Anglais et Français.

Il déclare, en conséquence, que son Gouvernement met opposition à la distraction de toute nouvelle hypothèque, tant que les gages qui doivent garantir l'indemnité de guerre n'auront pas été fixées.

Le Prince Labanoff termine en disant que le Gouvernement Russe est d'avis que le seul moyen de concilier tous les intérêts serait l'établissement d'une Commission Financière Internationale prévue par le Protocole 18.

Inclosure 2 in No. 33.

Answer to Russian Protest.

LA Porte compte répondre qu'elle n'a failli d'aucune de ses obligations réelles ou morales résultant du Traité de Berlin ou des Protocoles.

Qu'elle n'a jamais assigné à la Russie un rang dans la série de ses créanciers.

Qu'elle n'a jamais pris d'engagement pouvant restreindre son droit d'user de ses revenus pour le bien de l'Etat.

Que le tribut Bulgare avait toujours été destiné dans la pensée des Puissances réunies à Berlin à être affectée aux porteurs des titres Ottomans. (Voir Protocole No. 7.)

Que l'opération actuelle ne peut être critiquée par ses créanciers non gagés puisqu'elle a pour effet de diminuer notablement sa Dette Publique et de dégager une partie des revenus antérieurement affectés.

Que la Commission des Contributions Indirectes comprend quatre membres étrangers sans aucun caractère politique et à seule fin de donner pleine sécurité aux porteurs des titres.

Qu'enfin la Commission Internationale recommandée par le Congrès de Berlin n'a plus d'objet puisque l'entente qu'elle avait pour but d'établir entre la Turquie et ses créanciers est déjà obtenu.

No. 34.

Mr. Blake to the Marquis of Salisbury.—(Received March 11.)

Varna Railway Company, Offices, 28, New Broad Street, London, E.C., March 7, 1879.

My Lord,

WITH reference to my previous letter of this day's date, I have the honour to request that your Lordship will do me the favour to furnish the agent of the Varna Railway Company, Mr. Timoni, with a letter of introduction to Mr. Palgrave, in order that he may receive such aid from Her Majesty's Representative as he may be in a position to offer. Mr. Timoni is going to Bulgaria, charged with communications, on the part of this Company to the local authorities.

I may be allowed to observe that members of Mr. Timoni's family have long been employed in the service of the Crown in the East, that he has himself represented us at Constantinople for more than thirteen years.

I am, &c.

(Signed) H. WOLLASTON BLAKE.

No. 35.

Safvet Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, March 15.)

(Télégraphique.) *Paris, le 14 Mars, 1879.*

CONFORMÉMENT aux instructions du Gouvernement Impérial, je transmets à votre Excellence le télégramme ci-après :—

"Dans un télégramme adressé à la date du 12 Mars par M. Waddington à M. Fournier et qui vient de nous être communiqué, son Excellence le Ministre des Affaires Etrangères dit que le Chargé d'Affaires de France à Londres, qui doit proposer une entente à Lord Salisbury relativement à la nomination des Commissaires de la Dette, ne pourra voir sa Seigneurie que demain, Vendredi. Son Excellence exprime, en outre, le désir que la Sublime Porte n'interprète pas à la lettre l'échéance du 14, et ajoute que, sur ce point, il avait déjà insisté auprès de votre Altesse.

"Vous connaissez l'importance que la Sublime Porte attache à ne pas faire traîner l'affaire en s'engageant dans la voie des remises et des délais inutiles. D'un autre côté, cependant, la Sublime Porte tient, autant que cela est en son pouvoir, à faire droit à la recommendation de M. Waddington. En conséquence, si M. de Tocqueville et son groupe sont en état d'effectuer, et se déclarent prêts à effectuer immédiatement le versement des 50,000,000 fr., vous êtes autorisé à déclarer à M. Waddington, aussi bien qu'à M. Tocqueville, que, tout en maintenant la dénonciation du contrat pour le 14, le Gouvernment accorderait dans un esprit de . . . et sous la condition ci-dessus indiquée, un délai de quatre jours encore pour l'exécution du contrat. De sorte que, si dans les quatre jours susmentionnés, c'est-à-dire jusqu'au 18, le versement des 50,000,000 fr, était effectué, le Gouvernement retirerait sa dénonciation.

"Veuillez porter ce qui précède à la connaissance de son Excellence Musurus Pacha afin que, de son côté, il en informe Lord Salisbury et le tienne au courant."

No. 36.

Lord Lyons to the Marquis of Salisbury.—(Received March 15.)

(No. 300.)

Paris, March 13, 1879.

My Lord,

M. WADDINGTON said to me yesterday that he had still some hope that the concession concerning the administration of certain branches of revenue by European Commissioners, which had been obtained by M. de Tocqueville from the Porte, might be turned to account for the relief of the Ottoman finances and the benefit of the bondholders.

He told me that he had stated his views in detail in a despatch to the Comte de Montebello, by whom they would be communicated to your Lordship immediately.

I have, &c.

(Signed) LYONS.

No. 37.

Safvet Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, March 15.)

(Télégraphique.) *Paris, le 15 Mars, 1879.*

COMME suite à mon télégramme d'hier, je m'empresse d'informer votre Excellence que M. Tocqueville, auquel j'ai déclaré que la Sublime Porte lui accordait encore un délai de quatre jours pour le versement des 50,000,000 fr. sur les 200,000 fr., m'a répondu qu'il avait déjà des adhésions pour 25,000,000 fr. environ; qu'il verserait 12,000,000 fr. dès la désignation des Commissaires Anglais et Français, et le reste des 50,000,000 fr. dans le mois d'une façon échelonnée, mais qu'il ne pouvait commencer aucun paiement tant que les Commissaires n'auraient pas été désignés. Cette réponse a été transmise à la Sublime Porte.

No. 38.

Musurus Pasha to the Marquis of Salisbury.—(*Received March* 15.)

Ambassade Impériale Ottomane, Londres, le 14 *Mars*, 1879.

My Lord,

EN me référant à ma note du 19 du mois dernier, relative à la désignation des membres Anglais et Français de la Commission Administrative des Droits de Douanes et des Contributions Indirectes de l'Empire, j'ai l'honneur d'informer votre Excellence que, à la suite des explications demandées par le Gouvernement Français sur l'éventualité d'une révocation possible des susdits Commissaires, la Sublime Porte vient d'autoriser ses Ambassadeurs à Londres et à Paris à déclarer en son nom aux deux Gouvernements respectifs que les membres Anglais et Français de la Commission susmentionnée ne pourront être changés que d'un commun accord entre les trois Gouvernements.

En notifiant cette déclaration à votre Excellence par la présente communication, je saisis l'occasion de lui réitérer l'assurance de la très-haute considération avec laquelle j'ai l'honneur d'être, &c.

(Signé) MUSURUS.

No. 39.

The Marquis of Salisbury to Sir A. Paget.

(No. 131.)

Foreign Office, March 15, 1879.

Sir,

GENERAL MENABREA called upon me this afternoon to ask whether any steps had been taken in reference to the concession to M. de Tocqueville.

I stated that the matter was still under consideration between the two Powers, and that Her Majesty's Government had taken no step as yet.

His Excellency then reiterated a protest which he had addressed to me before against the exclusion of Italy from any share in the administration of the customs revenues which it was proposed to pledge to M. de Tocqueville.

He said that the matter was not one of territorial ambition or of national vanity, but that a very large portion of the Ottoman Debt was held in Italy: that the securities which it was proposed to pledge were in part hypothecated to that debt; and that, therefore, on behalf of the Italian creditors Italy could not acquiesce in her entire exclusion from the management of revenues in which a distinct interest had been given to them by previous formal engagements of the Porte.

His Excellency at the same time renewed the instances which he had urged on many previous occasions in favour of the admission of an Italian to the Egyptian Cabinet.

He dwelt much on the discontent which would be felt by all the foreign population if no such measure was adopted, especially as the interest of France in Egyptian matters was materially very much inferior to that possessed by the Italians, and he thought that the discontent of the various nationalities excluded would make the success of the new Egyptian Government impossible.

I asked his Excellency whether he thought that success would be rendered more probable by admitting Ministers, Representatives of Germany and Austria, as well as Italy.

His Excellency replied that he could not contemplate such a contingency, as the interest of those two Powers in Egypt were too small to be for a moment compared to that of Italy.

I am, &c.

(Signed) SALISBURY.

No. 40.

Mr. Malet to the Marquis of Salisbury.—(*Received March* 17.)

(No. 209.)

Constantinople, March 6, 1879.

My Lord,

I HAVE the honour to transmit herewith to your Lordship copies of the note which the Russian Ambassador, Prince Labanoff, addressed to the Porte on the 28th

ultimo, respecting the De Tocqueville Convention, and of the reply of Alexandre Caratheodory Pasha, Minister for Foreign Affairs, dated the 3rd instant.

The arguments of the Russian note are combated with effect in the answer of the Porte; but the fact of Russia having asserted her priority of right with regard to all revenues not hypothecated at the date of the signature of the Treaty of Berlin has in itself caused much apprehension among the circles of financiers who have to consider the safety of new loans made to the Porte.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure 1 in No. 40.

Prince Labanoff to Caratheodory Pasha.

Péra, le $\frac{10}{28}$ *Février*, 1879.

LES journaux de Constantinople ont publié un arrangement que la Sublime Porte se propose de conclure avec un groupe de financiers étrangers pour l'unification de ses anciennes dettes et la conclusion d'un nouvel emprunt.

Bien que lui-même créancier de la Sublime Porte pour la somme de l'indemnité de guerre, le Gouvernement Impérial n'aurait élevé aucune objection contre la combinaison projetée si les hypothèques qui doivent y être affectées étaient exclusivement celles dont il est question dans le Protocole No 11 du Congrès de Berlin.

Il importe de rappeler que dans ce Protocole le Gouvernement Impérial, pour ne pas léser les intérêts des créanciers de la Turquie, a déclaré, par l'organe de ses Plénipotentiaires, vouloir respecter toute hypothèque antérieure. En reconnaissant ainsi le droit de priorité des hypothèques déjà affectées aux anciennes dettes de l'Empire Ottoman quelles que soient leurs dénominations, le Gouvernement Impérial, qui a pris rang par ordre de date parmi les créanciers de la Turquie, a, en vertu de ce même principe, un droit incontestable de priorité à l'égard de tous les autres revenus non encore grevés d'hypothèques au moment de la signature du Traité de Berlin.

Or, pour assurer l'arrangement qui doit être conclu, la Sublime Porte offre des revenus qui n'avaient pas encore été engagés et dont quelques-uns, à l'heure qu'il est, n'existent même pas encore, comme par exemple le tribut de la Bulgarie. Une pareille mesure aurait pour effet d'aliéner par anticipation la plupart des gages disponibles les plus certains et de rendre illusoire l'obligation que la Sublime Porte a contractée de garantir l'indemnité de guerre de la Russie.

Le Gouvernement Impérial ne peut non plus voir avec indifférence l'institution d'une Commission qui aurait le droit, non-seulement d'exploiter les impôts et revenus concédés, mais encore de surveiller et de vérifier la rentrée des revenus généraux de l'Empire et dans laquelle, outre les membres Ottomans, il n'y aurait que des Délégués Français et Anglais.

Les dispositions qui précèdent sont de nature à compromettre gravement les intérêts considérables que le Gouvernement Impérial doit sauvegarder, à moins que la Sublime Porte ne soit en mesure de désintéresser la Russie par le paiement intégral et immédiat de ce qui lui est dû. Mais comme tel n'est pas le cas, le Gouvernement Impérial, après avoir pris connaissance du projet qui a été publié, m'a prescrit de déclarer à la Sublime Porte qu'il met opposition à la distraction de toute nouvelle hypothèque, aussi longtemps que les gages qui doivent garantir l'indemnité de guerre de la Russie n'auront pas été convenus et déterminés par une entente entre le Gouvernement Impérial et la Sublime Porte.

Quant à l'institution de la Commission Financière, le Gouvernement Impérial est d'avis que le seul moyen de concilier tous les intérêts serait l'établissement d'une Commission Financière Internationale, telle qu'elle a été prévue par le Protocole No. 13 du Congrès de Berlin.

J'ai l'honneur, par la présente note, de m'acquitter auprès de votre Excellence de l'ordre que j'ai reçu, et je saisis, &c.

(Signé) LABANOFF.

Inclosure 2 in No. 40.

Caratheodory Pasha to Prince Labanoff.

Sublime Porte, le 3 Mars, 1879.

JE m'empresse de répondre à la note que votre Excellence a bien voulu m'adresser le $\frac{14}{26}$ Février au sujet des arrangements financiers récemment conclus par la Sublime Porte.

Votre Excellence rappelle les déclarations contenues dans le Protocole No. 11 du Congrès de Berlin qui consacre le droit de priorité des hypothèques déjà affectées aux dernières dettes de l'Empire Ottoman, et exprime la conviction qu'en vertu de ce même principe la Russie doit exercer un droit de priorité à l'égard de tous les autres revenus non encore grevés; droit qu'aurait méconnu la Porte par l'affectation de certains revenus nouveaux, tels que le Tribut de la Bulgarie au service de l'opération financière récemment conclue. Enfin, votre Excellence croit devoir s'élever contre la dévolution qui aurait été faite à des Délégués Anglais et Français d'un mandat de surveillance sur les revenus généraux de l'Empire, et exprimer l'avis que le seul moyen de concilier tous les intérêts soient l'établissement de la Commission Financière Internationale prévue par le Protocole No 18 du Congrès de Berlin.

Je prie tout d'abord votre Excellence d'être convaincu que la Sublime Porte, en adoptant les mesures financières que votre Excellence connaît, n'a point perdu de vue un seul instant les obligations réelles ou morales qui peuvent résulter pour elle du Traité du $\frac{3 \text{ Janvier}}{3 \text{ Février}}$ 1879, ou des énonciations des Protocoles du Congrès de Berlin.

La lecture attentive de la discussion et des déclarations insérées dans le Protocole No. 11 du Congrès de Berlin, permet d'affirmer qu'il n'est jamais entré dans la pensée de la Porte de classer ses créanciers suivant un ordre déterminé. Les Plénipotentiaires Ottomans ont, au contraire, écarté avec soin toute idée de cette nature, en faisant remarquer que dans l'état actuel des finances Ottomanes il était impossible d'assigner l'ordre dans lequel l'indemnité de guerre pourrait trouver place dans la série des dettes de l'Etat. Aussi la Haute Assemblée s'est elle formée à prendre acte des déclarations des Plénipotentiaires Russes, affirmant que dans les questions financières la Russie respecterait les droits acquis des créanciers antérieurs, et que l'indemnité de guerre n'affectait pas en général les intérêts des créanciers de la Turquie.

Il n'y a donc eu de la part de la Porte aucun engagement direct ou indirect pouvant restreindre son droit naturel d'user de ses revenus anciens ou nouveaux, comme elle l'entend et suivant les exigences des services de l'Etat, en tenant bien entendu un juste compte des intérêts légitimes de ses créanciers.

Or, dans l'opération qui vient d'être conclue par l'arrangement Tocqueville, à la date du 3 Février, le Gouvernement Impérial Ottoman a agi, non-seulement dans la plénitude de son droit, mais aussi a pris des engagements qui ne sauraient être raisonnablement critiqués par aucun de ses créanciers non-gagés, puisque ces arrangements ont pour effet de diminuer notablement la dette publique intérieure et extérieure, de dégager une partie notable des revenus antérieurement affectés aux emprunts extérieurs, et enfin d'amener la suppression du papier-monnaie, toutes mesures qui tendent à l'amélioration des finances et à la restoration du crédit de l'Etat.

Votre Excellence a bien voulu en effet reconnaître que le Gouvernement de la Russie en tant que créancier du Gouvernement Ottoman du chef de l'indemnité de guerre, arrêtée par le Traité du 3 Février, 1879, n'auraient point à se plaindre de ce nouvel état de choses, si parmi les affectations attribuées à la nouvelle Dette Consolidée ne figuraient certains revenus non encore engagés, tel que le tribut de la Bulgarie, mais ce grief tout spécial s'évanouit devant cette double considération d'une part que la Turquie, ainsi que je l'ai démontré plus haut, n'a jamais aliéné son droit de disposer de ses revenus pour assurer l'existence de l'Etat, et d'autre part que le tribut de la Bulgarie avait toujours été destiné dans la pensée des Puissances réunies à Berlin à être attribué aux porteurs de titres Ottomans, ainsi qu'il résulte du Protocole No. 7 du Congrès de Berlin, et du fait que les revenus généraux de l'Empire, dont le tribut de la Bulgarie fait partie, étaient déjà explicitement engagés en garantie de ces dettes. J'ajoute qu'en ce qui touche la partie afférente aux Principautés déclarées indépendantes dans les dettes publiques Ottomanes, l'énoncé seul de cette stipulation suffit pour indiquer que ce revenu doit appartenir de plein droit aux porteurs des titres de cette dette.

En ce qui concerne la Commission chargée d'administrer les Contributions Indirectes, et dans laquelle figurent deux membres Anglais et deux membres Français, il est de mon devoir de restituer à cette institution, aux yeux du Gouvernement Russe, un véritable caractère. Ainsi que la Sublime Porte a déjà eu l'occasion de le constater, ce mode d'administration n'a été adopté que pour donner pleine sécurité aux porteurs de titres de la Dette Consolidée, et la désignation qui sera faite par les Gouvernements Anglais et Français, sur la demande du Gouvernement Impérial, de quatre Administrateurs étrangers, ne peut à aucun titre être considérée comme un acte de nature à créer des préoccupations politiques.

Quant à la Commission Internationale recommandée à la Sublime Porte par les Puissances réunies au Congrès de Berlin, votre Excellence n'hésitera pas à reconnaître que son institution serait actuellement sans objet puisque son mandat devait consister à amener une entente entre l'Etat et ses créanciers, porteurs de titres de la Dette Publique, et que ce résultat si désirable va se trouver atteint par les arrangements financiers intervenus entre la Sublime Porte et le Représentant des Comités de Porteurs de Titres.

Votre Excellence me permettra d'espérer que ces loyales explications ne laisseront subsister dans l'esprit du Gouvernement Impérial de Russie aucun doute sur la légitimité des dernières mesures financières décrétées par la Sublime Porte, et suffira pour effacer les préventions qu'une première impression aurait pu lui inspirer à ce sujet.

Veuillez, &c.

No. 41.

Mr. Malet to the Marquis of Salisbury.—(*Received March* 18.)

(No. 219.)

Constantinople, March 10, 1879.

My Lord,

WITH reference to my despatch No. 209 of the 6th instant, I have the honour to transmit herewith to your Lordship a further note which Prince Labanoff has addressed to the Porte, under date of the 8th instant, regarding the Tocqueville Convention.

In this note the Prince, after recapitulating the arguments in the note of the Porte of the 3rd instant, remarks that they are tantamount to cancelling the engagements of the Sublime Porte to the Imperial Government, that they confirm the views expressed in his Excellency's preceding note, and compel him to maintain the opposition which he had recorded to any new hypothecation so long as the guarantees for the war indemnity shall not have been agreed upon and determined by the Imperial Government and the Sublime Porte.

His Excellency concludes by saying that he will not fail to transmit the note of the Porte to his Government.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure in No. 41.

Prince Labanoff to Caratheodory Pasha.

Péra, le $\frac{24 \text{ Février}}{6 \text{ Mars}}$, 1879.

M. le Ministre,

J'AI eu l'honneur de recevoir la note que votre Excellence a bien voulu m'adresser en date du 3 Mars, au sujet des derniers arrangements financiers de la Sublime Porte.

Votre Excellence cherche à y établir que la Sublime Porte, en l'absence de tout engagement direct ou indirect pouvant restreindre ses droits, est libre de disposer de ses revenus anciens ou nouveaux comme elle l'entend; qu'il n'est jamais entré dans sa pensée de classer ses créanciers suivant un ordre déterminé, et que dans l'état actuel de ses finances il lui est impossible d'assigner l'ordre dans lequel l'indemnité de guerre due à la Russie pourrait trouver place dans la série des dettes de l'Empire Ottoman.

Ces allégations, si elles étaient admises, ne tendraient à rien moins qu'à annuler les engagements contractés par la Sublime Porte envers le Gouvernement Impérial. Elles ne font que confirmer les considérations exposées dans ma note précédente et m'imposent d'obligation de maintenir l'opposition que j'y ai formulée contre la distraction de toute nouvelle hypothèque, aussi longtemps que les gages qui doivent garantir l'indemnité de guerre de la Russie, n'auront pas été convenus et déterminés par une entente entre le Gouvernement Impérial et la Sublime Porte.

Je ne manquerai pas du reste de soumettre la note de votre Excellence à l'appréciation du Cabinet Impérial.

Veuillez, &c.

(Signed) LABANOFF.

No. 42.

Lord Lyons to the Marquis of Salisbury.—(Received March 19.)

(No. 312.)

Paris, March 18, 1879.

My Lord,

M. WADDINGTON told me last night that he had received a deputation from holders of Turkish stock, who had come to ask him to appoint the two French Commissioners contemplated by the De Tocqueville scheme.

M. Waddington had, he said, replied that, as a preliminary condition, it would be proper that he should be shown the signatures of capitalists or financial establishments willing and able to furnish the sum of 200,000,000 fr. (8,000,000*l.* sterling), which was to be advanced to the Porte. It would, he had said, be premature for him to concert measures with foreign Powers for the appointment of Commissioners until there was some certainty that the money would be forthcoming.

I understood from M. Waddington that he had spoken discouragingly to the deputation with regard to the probability of the De Tocqueville scheme being upheld.

He told me that for his own part he saw no objection to the addition of an Italian Delegate to the Commission, which was, according to that scheme, to have the administration of the pledged branches of revenue.

I have, &c.

(Signed) LYONS.

No. 43.

M. Mazaroz to M. Waddington.—(Communicated to the Marquis of Salisbury March 19.)

Paris, le , 1879.

M. le Ministre,

LA fabrique d'ameublements artistiques, Mazaroz Ribalier, a pour principale spécialité depuis trente ans la fourniture des Palais en général et ceux d'Egypte et de Turquie en particulier.

Sur la fin de l'année 1869, le Soussigné fit pour Agop Bey, Architecte du Palais de Chéragan, sur le Bosphore, tous le dessins et échantillons d'étoffes pour meubler le premier étage de cet immense Palais, dont les divers bâtiments et jardins occupent une façade d'environ un kilomètre sur la baie de Constantinople et le Bosphore; les dessins à l'aquarelle de tous les meubles ainsi que les étoffes de brocart, or et argent, ont été choisis par Sa Majesté le Sultan Abdul Aziz, dans les collections d'échantillons que le Soussigné eut l'honneur de lui présenter.

La maison Mazaroz se mit à l'œuvre, mais un jour le Sultan Abdul Aziz, visita le Palais de Chéragan et glissa sur les splendides mosaïques de marbre du parquet qui avaient été peut-être trop huilées avant sa visite; bref, le Sultan tomba sur le genou, si nous nous souvenons bien, et le soir il eut une vision. Mahomet se présenta à lui et dit au Sultan Abdul Aziz que le Palais de Chéragan était maudit par Allah, qu'en conséquence il ne devait pas l'habiter. Cette circonstance fit retarder la sanction officielle de la commande de ce riche mobilier que l'architecte du Sultan avait faite à la maison Mazaroz Ribalier.

Depuis ce temps les guerres de 1870 dérangèrent momentanément les affaires financières de beaucoup de Gouvernements, celui de la Turquie se ressentit d'avantage de la crise, puisqu'il arriva enfin à cesser les paiements des coupons de sa dette le 6 Octobre, 1875.

La maison Mazaroz attendait toujours la confirmation officielle de sa commande, enfin, son Directeur s'avisa un jour de se dire: pour que le Gouvernement Turc fasse meubler Chéragan, il faut qu'il ait de l'argent, or, pour que le Gouvernement Ottoman ait de l'argent, il faut qu'il regagne son crédit en unifiant ses dettes. Le Soussigné se mit alors à l'œuvre et s'adjoignit un courtier de finances pour faire les courses, la publicité, &c., &c. Ils établirent à eux deux un excellent projet d'unification, conversion et consolidation de toutes les dettes Turques; ce projet qui parut en 1876, fût accueilli favorablement par tout le monde politique et financier d'Europe, enfin le Gouvernement Ottoman le choisit, il écarta tous ceux qui lui avaient été présentés précédemment. Les négociations s'entamèrent et les porteurs vinrent en foule donner leur adhésion à ce projet dans un bureau du Boulevard Haussman, décoré pour la circonstance, du nom de Syndicat Ottoman.

Ce bureau, tenu par des sujets Ottomans, réunit bientôt le Comité actuel des porteurs, lequel Comité se mit, par des délégués, en négociations avec les Ministres de l'Empire Ottoman. La plupart des journaux de Paris et de province firent, pendant deux années consécutives et au compte du Soussigné, de la publicité pour cette affaire patriotique et humanitaire.

Les négociations aboutirent, des Traités furent signés le 18 Septembre, 1877, entre le délégué du Comité formé par le Soussigné et ses intéressés, et Youssouf Pacha, Ministre des Finances de l'Empire Ottoman; malheureusement, ce délégué s'occupa de politique contre le Gouvernement actuel de la Turquie, il y'eût, dit-on, quelques indiscrétions et le Firman, prêt à être rendu d'après la Convention du 18 Septembre, resta en souffrance.

Un acte de société régularisa la situation du Comité vis-à-vis des promoteurs du projet libellé par le Soussigné, cet acte qui exemptait les promoteurs de continuer la mission active qu'ils accomplissaient sans relâche depuis deux ans fût déposé chez un notaire et le Comité fût autorisé à s'adjoindre la Banque Nationale et son Directeur comme délégué, en remplacement de celui qui s'occupait de haute politique.

Dans l'intérêt des relations futures du Soussigné avec le Turquie, ainsi que pour la moralité de l'affaire, il fût bien entendu que le délégué qui prêtait l'oreille aux mécontents Ottomans serait absolument exclu, bien au contraire le Comité se partagea en deux camps, l'un qui voulait exclure l'ancien délégué et l'autre qui voulait le mettre à la tête de toute l'opération.

Cet ancien délégué inspira la création d'un Consortium de coulissiers et d'hommes d'affaires litigieuses qui dirigent malheureusement depuis quinze mois cette grande et patriotique opération en harmonie avec la nature des affaires dont ils s'occupent tous les jours.

C'est-à-dire que, contrairement à la pensée première du Soussigné, l'unification à la conversion des dettes Turques menaçent d'être faites au profit d'un groupe de gens inconnus et contre les intérêts des deux parties en présence, l'une qui est le Gouvernement Ottoman, et l'autre la masse des porteurs de ses titres, dont beaucoup subissent toutes les variétés de la misère.

Je prends donc la liberté, M. le Ministre, de venir protester contre les agissements du Consortium occulte qui, depuis les coulisses où il se cache, dirige cette affaire d'intérêt international comme une simple affaire d'intérêt privé.

Voici les trois conditions que le Soussigné avait demandées au moment où il avait remis ses pouvoirs au Comité (qui a subi depuis l'influence du Consortium ci-dessus désigné), afin que l'unification des dettes Turques fût avantageuse aux deux parties en présence:

1. Choisir le Consortium financier parmi les chefs des honorables et anciennes maisons de la Haute Banque de Paris et de Londres.

2. Que tous les fonctionnaires publics de l'Empire Turc qui s'occupent de douanes et d'impôts soient sous les ordres et nommés par les Commissaires de la France, l'Angleterre, la Turquie, et l'Italie. Il n'est pas d'Orientaliste que ne soit convaincu que, sans cette condition indispensable, les douanes et impôts concédés par le Firman du 30 Janvier dernier ne produirait rien ou presque rien pour les malheureux porteurs de valeurs Turques.

3. Qu'aucune soulte ne soit réclamée aux porteurs de la dette Turque, déjà si éprouvés.

Ces trois points principaux paraissent avoir été complétement écartés des Conventions particulières du 30 Janvier dernier, et pourtant, si un seul des trois points restait écarté, cette affaire qui doit avoir de si excellents résultats pour les porteurs ainsi que pour le Gouvernement Ottoman, s'accomplirait purement et simplement au profit de gens peu connus qui ont eu l'adresse d'accaparer la direction de cette opération, les porteurs seraient de nouveau ruinés et le Gouvernement Ottoman de plus en plus embarrassé.

C'est au triple titre d'auteur premier du projet d'unification, fournisseur des Palais Ottomans, et porteur de titres Turcs, que je viens, M. le Ministre, présenter les faits ci-dessus à votre haute appréciation, espérant que vous daignerez employer votre juste influence pour remettre cette affaire patriotique et humanitaire sur les bases larges, solides, et honorables en vue desquelles elle a été conçue et mise à exécution par votre respectueux serviteur Soussigné.

C'est animé de ces sentiments que je vous prie, &c.

(Signé) T. P. MAZAROZ.

P.S.—Nous comptons publier bientôt le texte du Traité du 18 Septembre,

1877, en le faisant suivre de nos critiques sur les variantes que le Consortium de Tocqueville y a fait introduire par le Firman du 30 Janvier, 1879, et ses annexes.

Ces malheureuses variantes sont encore plus contraires aux intérêts de la Turquie qu'à ceux des porteurs des titres de sa dette.

T. P. M.

No. 44.

Lord Tenterden to Mr. Blake.

Foreign Office, March 20, 1879.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 7th instant, calling attention to the scheme of M. de Tocqueville for the readjustment of the finances of the Porte, and to its bearing upon the position of the Rustchuk and Varna Railway, as embodied in the Xth Article of the Treaty of Berlin.

In reply, I am to state to you that, until the Government of the Principality of Bulgaria is definitively organized, the conditions implied in the above Article will not have been carried out, and that, therefore, the time has not yet arrived when it will be possible to bring into execution this portion of the Treaty.

I am, however, to add that a copy of your letter shall be communicated to Her Majesty's Diplomatic Agents at Constantinople and in Bulgaria, together with a copy of this letter.

With reference to the request contained in your second letter of the 7th instant, I am further directed by Lord Salisbury to transmit to you herewith a letter which his Lordship has caused to be addressed to Mr. Palgrave, directing him to render such assistance to M. Timoni, the Agent of the Varna Railway Company, as he may be able properly to afford to him.

I am, &c.
(Signed) TENTERDEN.

No. 45.

Lord Lyons to the Marquis of Salisbury.—(Received March 21.)

(No. 321.)

Paris, March 19, 1879.

My Lord,

M. WADDINGTON told me this afternoon that Safvet Pasha had just been to inform him that, the conditions of the Tocqueville Contract not having been fulfilled, the Porte had denounced that contract, and had thus rendered itself free from all the obligations imposed by it.

Safvet Pasha had, however, M. Waddington said, declared that the Porte was still ready to make financial arrangements on the basis of the appointment by France and England of Delegates to sit in a Commission for administering the pledged revenues.

Finally, M. Waddington informed me that he was to receive this evening Mr. Mallet, Director of the Ottoman Bank, who was to make a fresh proposal for financial arrangements with the Porte.

I have, &c.
(Signed) LYONS.

No. 46.

Mr. Stronge to Lord Tenterden.—(Received March 21.)

Treasury Chambers, March 21, 1879.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to call the attention of the Secretary of State to their letter of the 7th ultimo on the subject of the interest and sinking fund due on the 1st February, in respect of the Turkish Guaranteed Loan of 1855.

It will be recollected that, under the Treaty concluded in the last-named year between England, France, and Turkey, the Porte undertook to provide interest and

sinking fund on the loan about to be raised under the guarantee of the two Powers, and that the Governments of England and France undertook to provide the interest on the said loan, in the event of the Porte failing to do so.

Lord Salisbury is aware that the Porte, in spite of the obligation imposed by the Convention, ceased to provide the sinking fund falling due in August 1876 and subsequent years; and that in the years 1876 and 1877, and again in February 1878, it failed to provide the half-yearly interest as it fell due. It is true that after greater or less delay the interest has in each case been eventually made good, with the exception of 45,604*l.* (part of a sum which the Porte directed the Khedive in February 1878 to pay to Her Majesty's Government out of the Tribute due by Egypt to Turkey), and with the exception also, up to the present, of the greater part of the dividend due on the 1st February last.

My Lords intimated to you, in their letter of the 7th February last, that they had moved the Bank of England to advance the amount of the dividend due on the 1st of that month, and they requested that the Porte might be called on to provide the moneys due under the Convention of 1855, and that the French Government might be informed of the transaction.

More than six weeks having elapsed since the advance was made by the Bank of England, and no reply having been received from the Porte, my Lords found, on communication with the Bank of England, that a sum of 15,704*l.* had indeed been paid by the Porte, but that a balance of 60,000*l.*, plus interest and expenses,* was outstanding, and they have come to the conclusion that they must repay that amount at once to the Bank.

They have, therefore, directed the necessary issue to be made out of the Consolidated Fund.

I am now to request you to move the Secretary of State to inform the French Government of the fact, and to call upon them, in accordance with the terms of the Declaration exchanged between England and France under date of the 27th July, 1855, to repay the moiety of the sum which, in consequence of the Porte's default, has been issued by Her Majesty's Government.

I am further to ask that the Secretary of State will inform the French Government that there is a sum of 45,604*l.* still outstanding advanced by Her Majesty's Government on account of the dividend due on the 1st February, 1878. This sum should, under the directions of the Porte, have been paid more than a year ago by the Khedive out of the Tribute due to Turkey, and His Highness the Khedive has repeatedly promised compliance, but up to the present has not performed his promise. My Lords have in the meanwhile not applied to the French Government to fulfil their obligation, but as the date of recovery appears to be altogether indefinite, they have now no alternative but to ask, in accordance with the above cited Declaration, repayment of a moiety of the sum so outstanding.

I am to add that, besides the 45,604*l.* thus due by His Highness the Khedive in February 1878, there is a further amount of 30,000*l.* which should have been provided by His Highness towards payment of the interest of the Turkish Guaranteed Loan due on the 1st February, and that no sum on account thereof has been received. It will be for Lord Salisbury to consider whether the Khedive is to be permitted at pleasure to discontinue the payments of these sums charged on the Tribute due by him to Turkey.

Lastly, my Lords would ask whether Lord Salisbury proposes to pay over to the Porte the surplus revenue of Cyprus, while the Porte neglects on its part to make good its obligations under the Convention of 1855.

I am, &c.
(Signed) CHARLES W. STRONGE, *pro Sec.*

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* Stamp, 7*l.* 18*s.*; interest, 230*l.* 14*s.* 10*d.*

SUMMARY.

	£	s.	d.
1. Advance out of the Consolidated Fund towards the dividend due the 1st February, 1878	45,604	0	0
Interest and expenses	175	12	1
2. Advance out of the Consolidated Fund towards dividend due the 1st February, 1879	60,600	0	0
Interest and expenses	242	12	10
	106,622	4	11
Against which the Khedive, under standing arrangement (a special order of the Porte), should have, but has not, paid towards dividend due the 1st February, 1878	45,604	0	0
Towards dividend due the 1st February, 1879	36,000	0	0

E. W. H.

No. 47.

Sir A. Paget to the Marquis of Salisbury.—(Received March 24.)

(No. 105.)

My Lord, *Rome, March 21, 1879.*

I HAVE the honour to inclose herewith an extract from the "Opinione," with translation, giving an account of an interpellation addressed by the Deputy della Rocca to the President of the Council, Minister *ad interim* for Foreign Affairs, in the sitting of the Chamber the day before yesterday, relative to the measures taken by the Government for the protection of the interests of Turkish bondholders in Italy, and of the reply which was given by M. Depretis.

I have, &c.
(Signed) A. PAGET.

Inclosure in No. 47.

Extract from the "Opinione" of March 20, 1879.

(Translation.)

M. DELLA ROCCA questions the President of the Council in regard to the steps taken to guarantee the interests of Turkish bondholders.

The speaker makes some remarks on the importance of the question, and as to the necessity for the interests of the citizens being efficaciously watched over by the Government.

He says that in Italy there is a nominal sum, amounting to about 1,000,000,000 lire, invested in Turkish bonds, and certainly an effective sum of 700,000,000 lire; and mentions the efforts of the Committees instituted for the protection of those concerned.

He says that it could not be supposed by those who had invested their capital that the enormous financial catastrophe of Turkey was impending, and he dilates on the attempts which were made to solve this question.

Speaking of the Tocqueville Convention, he thinks that the Government should attach due weight to the reasonable opinions of Italian citizens, and says that it is his object, through interpellation, to give strength to and to assist the Government in their labours.

He asks whether it is the intention of the Government to cause effect to be given to the stipulations of the Treaty of Berlin in regard to the Turkish Debt, and if it will oppose anything being done without the intervention of the Italian Government?

He also asks the opinion of the President of the Council on the Tocqueville Convention.

M. Depretis (President of Council) hopes to show that the Italian Government efficaciously defends the interests of its citizens.

He calls to mind what occurred at the Congress of Berlin in regard to the Turkish Debt. Italian holders of Turkish bonds recommended the Government (before the opening of the Congress) to watch over their interests, and our Representative at the Congress did not fail to do so. To him is due, in a great measure, the proposal which emanated from the Congress.

The principle was adopted that the war indemnity for the victor should not be taken into account to the prejudice of Turkey's other legitimate debts. This principle was most importa[illegible]

The work of the Congress did not stop here, for it accepted another proposal made by the Italian Representative in unison with those of France and England.

The honourable Minister calls to mind the discussions which took place at the Congress, and the successive negotiations.

The Government gave energetic instructions to the Italian Representatives to watch over the rights of our fellow-countrymen.

The Government acted with energy to prevent any understanding between Turkey and other Governments to the exclusion of that of Italy, and the interests of the creditors of other nations alone.

The honourable Minister reads communications exchanged with the Legation at Constantinople on this subject. These negotiations are still in progress, and the honourable Minister gives the assurance that the Italian Government will pursue its action of watching over Italian interests, gathering strength from the justice of its cause and the moderation of its conduct.

M. della Rocca thanks the Minister for his explanations, and considers necessary the nomination of an International Commission, to guard the interests of the creditors and to supervise the financial administration of Turkey.

M. Depretis says that the basis of every negotiation is perfect equality of treatment between the creditors of every State.

President: The interpellation is ended.

No. 48.

Prince Lubanoff to Caratheodory Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, March 26.)

M. le Ministre, *Péra, le $\frac{14}{26}$ Février*, 1879.

LES journaux de Constantinople ont publié un arrangement que la Sublime Porte se propose de conclure avec un groupe de financiers étrangers pour l'unification de ses anciennes dettes et la conclusion d'un nouvel emprunt.

Bien qui lui-même créancier de la Sublime Porte pour la somme de l'indemnité de guerre, le Gouvernement Impérial n'aurait élevé aucune objection contre la combinaison projetée, si les hypothèques qui doivent y être affectées étaient exclusivement celles dont il est question dans le Protocole 11 du Congrès de Berlin.

Il importe de rappeler que dans ce Protocole le Gouvernement Impérial pour ne pas léser les intérêts des créanciers de la Turquie, a déclaré, par l'organe de ses Plénipotentiaires, vouloir respecter toute hypothèque antérieure. En reconnaissant ainsi le droit de priorité des hypothèques déjà affectées aux anciennes dettes de l'Empire Ottoman quelles que soient leurs dénominations, le Gouvernement Impérial, qui a pris rang par ordre de date parmi les créanciers de la Turquie, a, en vertu de ce même principe, un droit incontestable de priorité à l'égard de tous les autres revenus, non encore grevés d'hypothèques au moment de la signature du Traité de Berlin.

Or, pour assurer l'arrangement qui doit être conclu, la Sublime Porte offre des revenus qui n'avaient pas encore été engagés et dont quelques-uns, à l'heure qu'il est, n'existent même pas encore, comme, par exemple, le tribut de la Bulgarie. Une pareille mesure aurait pour effet d'aliéner par anticipation la plupart des gages disponibles les plus certains et de rendre illusoire l'obligation que la Sublime Porte a contractée de garantir l'indemnité de guerre de la Russie.

Le Gouvernement Impérial ne peut non plus voir avec indifférence l'institution d'une Commission qui aurait le droit, non-seulement d'exploiter les impôts et revenus concédés, mais encore de surveiller et de vérifier la rentrée des revenus généraux de l'Empire, et dans laquelle, outre les membres Ottomans, il n'y aurait que des Délégués Français et Anglais.

Les dispositions qui précèdent sont de nature à compromettre gravement les intérêts considérables que le Gouvernement Impérial doit sauvegarder, à moins que la Sublime Porte ne soit en mesure de désintéresser la Russie par le paiement intégral et immédiat de ce qui lui est dû. Mais, comme tel n'est pas le cas, le Gouvernement Impérial, après avoir pris connaissance du projet qui a été publié, m'a prescrit de déclarer à la Sublime Porte qu'il met opposition à la distraction de toute nouvelle hypothèque, aussi longtemps que les gages qui doivent garantir l'indemnité de guerre de la Russie n'auront pas été convenus et déterminés par une entente entre le Gouvernement Impérial et la Sublime Porte.

Quant à l'institution de la Commission Financière, le Gouvernement Impérial est

d'avis que le seul moyen de concilier tous les intérêts serait l'établissement d'une Commission Financière Internationale, telle qu'elle a été prévue par le Protocole 18 du Congrès de Berlin.

J'ai, &c.
(Signé) LABANOFF.

No. 49.

M. Mazaroz to M. Waddington.—(*Communicated to the Marquis of Salisbury by M. Mazaros, March* 26.)

Paris, le 21 *Mars*, 1879.

M. le Ministre,

NE pouvant me résoudre à supporter la part de responsabilité morale qui m'incomberait sûrement, comme auteur des premiers projets en traités relatifs à la conversion actuelle des dettes Turques, je prends la liberté de venir soumettre à votre jugement élevé le résumé de la nouvelle ruine qui atteindrait bien certainement les porteurs de la dette Turque, si les nouvelles conditions introduites dans les Firmans, Décrets, et Conventions annexes du 30 Janvier, 1879, par Messieurs de Tocqueville et consorts venaient à être mises à exécution par l'acceptation des porteurs.

Dans le Traité préliminaire du 18 Septembre, 1877, passé entre le délégué du Comité des Porteurs de la Dette Turque et Youssouf Pacha, Ministre des Finances de l'Empire Ottoman, il est dit à l'Article IV, que les recettes constatées au Budget Ottoman de 1875-76 ont été arrêtées à £ T. 18,000,000, soit 414,000,000 fr.

M. de Tocqueville est entré dans l'affaire le 19 Novembre, 1877, pour la première fois; il a trouvé tout prêt le Traité du 18 Septembre, 1877, il est allé à Constantinople pour le transformer en Firman, mais après y avoir introduit des clauses de nature à ruiner complétement les porteurs de la dette Turque.

Voici la clause la plus mortelle pour les intérêts des porteurs:

L'Article 6 du Firman du 30 Janvier, 1879, dit que le minimum à prélever par le Gouvernement Ottoman sur tous les revenus de la Turquie est de £ T. 14,000,000, soit 312,000,000 fr. L'Article 6 dit encore que les intérêts de la nouvelle dette consolidée ne seront dans tous les cas prélevés sur les revenus Turcs qu'après le paiement au Gouvernement Turc de l'annuité privilégiée montant à £ T. 14,000,000.

En acceptant cette condition, les porteurs de la dette Turque donnent une quittance régulière à la Turquie et déclarent, par le fait, consentir au besoin, à ne jamais recevoir un sou de leurs intérêts échus ou à venir.

Voici pourquoi:—

En 1875-76, le territoire de la Turquie était intact et ne rapportait en revenus que £ T. 18,000,000, chiffre déjà un peu exagéré, parce que le propriétaire qui hypothèque ses biens exagère toujours le chiffre de ses revenus.

Aujourd'hui que la Turquie a perdu ses provinces les plus fertiles par la guerre de 1877-78 et que le nombre de ses habitants a diminué d'un tiers environ, comment peut-on supposer que les revenus de la Turquie tant amoindrie, puissent jamais arriver à atteindre £ T. 14,000,000?

Moralité des Changements faits par M. de Tocqueville au Traité du 18 *Septembre*, 1877.

Les porteurs de la dette Turque sont invités dans les journaux, par M. de Tocqueville et ses associés, à venir dans leurs bureaux pour consentir à verser une soulte de 3 fr. par chacun des titres de la dette Turque échangés contre de nouveaux titres consolidés, lesquels nouveaux titres consolidés doivent recevoir leurs revenus dans les conditions de l'Article 6 du Firman du 30 Janvier, 1879, expliqué plus haut.

Les 3 fr. par titre que les porteurs doivent payer formeront une somme de 210,000,000 fr., qui serviront:—

	Frs.
1. A payer une commission de 6 pour cent au bénéfice de MM. de Tocqueville et consorts, ci	12,600,000
2. A payer 1 pour cent sur le chiffre nominal à unifier au profit de MM. de Tocqueville et consorts; or, la somme à unifier avec les intérêts arriérés est d'environ 2 milliards 750 millions. Le 1 pour cent de commission à prélever par MM. de Tocqueville et consorts formera donc la somme de	27,500,000
Total des bénéfices nets de MM. de Tocqueville et consorts ..	40,100,000

Le reste des 210,000,000 fr. sera versé à la Turquie pour payer l'impression et le timbre des nouveaux titres, les 75,000,000 de caïmés (dette flottante) exigibles.

En résumé: Les porteurs de la dette Turque verront leur créance augmentée de 210,000,000 fr. juste au moment où, de par l'Article 6 du Firman du 30 Janvier, 1879 (qui a force de loi entre les parties par l'acceptation des porteurs) ils viendront de donner bonne, valable, et gratuite quittance au Gouvernement Turc; grâce aux nouvelles conditions introduites en dernier lieu par M. de Tocqueville dans les arrangements intervenus en Septembre 1877, entre le Gouvernement Turc et le premier délégué du Comité des Porteurs, qui n'était pas M. de Tocqueville.

Mais, comme M. de Tocqueville déclare lui même dans "l'Estafette" et dans ses notes confidentielles, que toute cette affaire a été faite sans aucune Bastchich (remise) il s'ensuit qui MM. de Tocqueville et consorts vont (à 200,000 fr. près pour les frais) empocher un bénéfice net de 40,100,000 fr., prélevés sur les sommes qui seront déboursées encore pour être également perdues par les malheureux porteurs des dettes Turques.

Voilà, en peu de mots, la moralité actuelle de toute cette affaire financière; qui aurait pu avoir un tout autre résultat si l'on avait suivi la pensée qui a présidé aux premiers projets d'unification et traités avec le Gouvernement Turc.

Veuillez, &c.
(Signé) J. P. MAZAROZ,
Porteur de Titres de la Dette Turque.

No. 50.

The Marquis of Salisbury to Lord Lyons.

(No. 398.)

My Lord,

Foreign Office, March 27, 1879.

I SHOULD be glad if your Excellency will take an early opportunity of informing M. Waddington that in the event of a scheme for affording financial aid to the Porte, such as Her Majesty's Government can approve, being brought forward, they will be happy to recommend Commissioners. Her Majesty's Government agree with M. Waddington in thinking that there would be no objection to the participation of Italy in such a Commission.

I am, &c.
(Signed) SALISBURY.

No. 51.

The Marquis of Salisbury to Lord Lyons.

(No. 401.)

My Lord,

Foreign Office, March 27, 1879.

I TRANSMIT herewith to your Excellency a copy of a letter from the Treasury on the subject of the amounts which have been advanced by the Bank of England on account of the interest of the Turkish Guaranteed Loan of 1855, and which have not yet been repaid to that establishment by the Turkish Government.

These sums have now been repaid to the Bank by Her Majesty's Government. They consist of an item of 45,604*l.* remaining unpaid out of the advance made towards the dividend due on the 1st February, 1878, with an additional sum of 175*l.* 12*s.* 1*d.* for interest and expenses, and of 60,600*l.* the unpaid balance of an advance made for payment of the dividend due on the 1st of February, 1879, with 242*l.* 12*s.* 10*d.* for interest and expenses, making in all 106,622*l.* 4*s.* 11*d.*

The Khedive of Egypt stands bound under a special order of the Porte to make good the sum of 45,604*l.* first mentioned out of the Tribute due by Egypt to Turkey, and a sum of 36,000*l.* is also due from His Highness out of the same fund towards the repayment of the second item. His Highness has not, however, as yet made any payment on either account.

I must request you to bring the above circumstances to the knowledge of the French Government, furnishing them with a copy of the account appended to the letter from the Treasury, and calling attention to the provisions of the Declaration signed by Lord Clarendon and Count de Persigny on the 27th July, 1855, according to which the French Government bind themselves to remit to that of Great Britain

the half of any amount advanced by the latter on account of interest of the Guaranteed Loan, on the understanding that the sums advanced by either Government shall be proportionately repaid out of any funds subsequently remitted to the British Government by the Porte.

Copies of this Declaration and of the Convention to which it refers are inclosed herewith for convenience of reference.

I am, &c.
(Signed) SALISBURY.

No. 52.

The Marquis of Salisbury to Mr. Malet.

(No. 412.)
Sir, *Foreign Office, March 27, 1879.*

NEGOTIATIONS are now under discussion for a new Turkish loan, and should there be nothing seriously objectionable about the scheme, Her Majesty's Government have agreed to appoint Commissaries. They are likewise disposed to do everything in their power to facilitate these negotiations. You should point out to the Sultan that any impression that the existing Cabinet is unstable would be fatal to the success of the efforts which are being made to afford relief to the finances of his Empire, and that the negotiations now in hand would be summarily closed should he change the Grand Vizier at this moment.

I also have to instruct you to impress upon the Grand Vizier how important it is for the same reasons that the public should see that the policy pursued with respect to the occupation of Eastern Roumelia on its first evacuation by the Russian army is of a character calculated to prevent the occurrence of disturbances.

I am, &c.
(Signed) SALISBURY.

No. 53.

The Marquis of Salisbury to Mr. Malet.

(No. 435.)
Sir, *Foreign Office, March 27, 1879.*

I TRANSMIT to you herewith a copy of a letter which has been received from the Treasury relative to advances which have been made by the Bank of England on account of the Turkish Guaranteed Loan of 1855,* and which have not yet been repaid to that establishment by the Turkish Government or on its behalf.

You will perceive that the total amount due for these advances, with interest and expenses, is 106,622*l.* 4*s.* 11*d.*, against which the Khedive of Egypt is called upon to pay a sum of 81,604*l.* No payment has however as yet been received from His Highness.

Her Majesty's Government have thought it right, under the circumstances, to repay to the Bank of England, out of the Consolidated Fund, the money thus advanced, and they have applied to the French Government to remit to them one moiety of the sum thus paid, in accordance with the engagements of the Convention of the 27th June and the Declaration of the 27th July, 1855.

It is my duty to request that you will bring these circumstances to the knowledge of the Porte, and that you will call the serious attention of the Turkish Ministers to the necessity of making provision for meeting the engagements of the Ottoman Empire towards the Governments of France and England.

I am, &c.
(Signed) SALISBURY.

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* No. 46.

No. 54.

The Marquis of Salisbury to Mr. Lascelles.

(No. 90.)
Sir, *Foreign Office, March 28, 1879.*

I TRANSMIT to you herewith a copy of a letter which has been received from the Treasury on the subject of advances made by the Bank of England on account of the interest of the Turkish Guaranteed Loan of 1855, and which have not yet been repaid to that establishment by the Turkish Government.

These sums, amounting in the aggregate to 106,622*l.* 4*s.* 11*d.*, have now been repaid to the Bank by Her Majesty's Government, who have applied to the French Government to bear a moiety of the charge, in accordance with the joint guarantee entered into on the occasion of the conclusion of the loan.

You will observe that the Khedive stands indebted to the two Governments for a sum of 45,604*l.* on account of the advance made for the dividend due on the 1st February, 1878, and for a further sum of 36,000*l.* on account of the dividend due on the 1st February, 1879, but that no payments have been made by His Highness on either account.

It is not the desire of Her Majesty's Government to press with too great severity upon the finances of Egypt at a time of distress and embarrassment, but they cannot neglect to call the serious attention of the Khedive to the duty of fulfilling his engagements in this respect, and you are instructed to take any opportunity which may seem to you proper and favourable for making representations on the subject.

I have, &c.
(Signed) SALISBURY.

No. 55.

Count Corti to Caratheodory Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, March 29.)

Constantinople, le 21 Février, 1879.

LE Gouvernement du Roi a été informé que la Sublime Porte vient de demander aux Gouvernements de France et d'Angleterre les deux spécialistes qui, conformément à la Convention Tocqueville, doivent faire partie de la Commission chargée de l'organisation et de l'administration des contributions concédées.

Votre Excellence n'ignore pas que de graves intérêts Italiens se trouvent engagés dans les opérations de crédit que le Gouvernement Ottoman a successivement faites, en Europe. Or, ces intérêts imposent au Gouvernement du Roi le devoir de leur accorder toute sa sollicitude et sa protection.

C'est pourquoi, en présence d'un fait qui touche directement aux engagements que le Gouvernement Ottoman a solennellement contractés envers ses créanciers, j'ai reçu de celui du Roi l'ordre de notifier à la Sublime Porte que tant que la Commission contemplée dans le dix-huitième Protocole du Congrès de Berlin n'aura pas été convoquée et qu'elle n'aura pas formulé ses conclusions, le Gouvernement du Roi ne saurait, dans l'intérêt des porteurs Italiens de titres de la dette Ottomane, admettre ni une réduction quelconque des valeurs contractées ni aucun détournement des revenus alloués comme garantie spéciale de ces titres.

En venant remplir par la présente déclaration les ordres que j'ai reçus de mon Gouvernement j'ai l'honneur, &c.

No. 56.

Caratheodory Pasha to Count Corti.—(Communicated to the Marquis of Salisbury by Musurus Pasha, March 29.)

Le 23 Février, 1879.

J'AI reçu la note que votre Excellence m'a fait l'honneur de m'adresser le 21 de ce mois relativement à la composition de la Commission qui doit être chargée de l'administration des contributions indirectes, aux termes des Conventions passées par le Gouvernement Impérial avec M. de Tocqueville.

Le Cabinet Royal de Rome semble considérer la présence dans cette Commission de quatre spécialities étrangers comme pouvant être un danger pour les intérêts des Italiens porteurs des fonds Ottomans, et c'est dans le but de les sauvegarder que le Gouvernement du Roi rappelle la Commission Financière dont les Puissances ont recommandé l'institution à l'effet d'examiner les réclamations des porteurs de titres de la dette Ottomane, et de proposer les moyens de leur donner une satisfaction compatible avec la situation financière de la Turquie.

Je crois devoir à ce sujet présenter à votre Excellence quelques considérations que, j'en ai la pleine conviction, auront pour effet de restituer aux mesures financières récemment décrétées par la Sublime Porte leur véritable caractère et leur véritable portée.

La Sublime Porte a traité avec M. de Tocqueville, représentant les Comités des porteurs de fonds Turcs, pour la réduction et l'unification de sa dette publique aux conditions qui ont été proposées par les Comités eux-mêmes. Il ne pouvait être question d'un contrat proprement dit à passer entre l'Etat et les porteurs de titres, encore moins de réunir l'unanimité des adhésions le caractère essentiellement mobile de la propriété de titres au porteur s'opposant invinciblement à toute transaction de ce genre. Le Gouvernement Impérial a donc dû se borner à s'assurer que le mode d'unification que son état financier lui permettait d'adopter était conforme aux vœux de la masse des porteurs de titres. M. de Tocqueville, comme représentant les Comités, demandait que les garanties, dont le nouveau titre unifié devait être doté, fussent consolidées par la participation à l'administration des contributions indirectes de spécialistes étrangers délégués des porteurs de titres, ce qui a été accepté par le Gouvernement Impérial, désireux à la fois de donner toute sécurité à ses créanciers et de faire profiter cette branche de l'Administration Financière du concours d'hommes éclairés et compétents.

Le choix toutefois de ces délégués ne pouvait être réalisés par les porteurs des titres eux-mêmes pour les mêmes raisons qui mettaient obstacles à ce qu'un contrat direct intervint entre eux et l'Etat. D'un autre côté M. de Tocqueville n'adhérait pas à ce que le choix de ces Administrations étrangers fut exclusivement dévolu à la Sublime Porte dans la crainte que ce mode de procéder ne parût pas offrir aux porteurs de titres toutes les garanties désirables. Il fallait donc que cette désignation fut faite par un tiers, inspirant à tous, Gouvernement et créanciers, une égale confiance.

C'est ainsi qu'il a été décidé, sur la demande de M. de Tocqueville, que les Gouvernements Français et Anglais, chez lesquels les différents emprunts Ottomans avaient été contractés et émis, seraient sollicités de désigner les délégués de façon à donner aux intéressés de toute nationalité et de toute condition les meilleures garanties d'un bon choix.

Le Gouvernement Impérial a cru devoir accéder d'autant plus facilement à cette proposition, qu'il y a six mois encore il avait spontanément demandé à la France et à l'Angleterre des spécialistes auxquels il désirait confier le soin de réorganiser le service de ses douanes.

Les spécialistes ainsi nommés ne sont dès lors que des Administrateurs investis de la confiance des porteurs de titres et de celle du Gouvernement Impérial.

Votre Excellence voudra bien le connaître, que dans les conditions que je viens d'exposer et qui sont conformes à la réalité, la démarche faite par la Sublime Porte près des Gouvernements Français et Anglais, d'une part, n'a aucun caractère politique, et n'est que l'exécution d'un engagement pris par la Sublime Porte suivant les vœux des représentants des porteurs de titres, et d'autre part, ne saurait porter atteinte aux intérêts des porteurs Italiens, intérêts qui sont identiques à ceux des porteurs disséminés dans les autres États de l'Europe. En effet, la nomination par d'autres voies des Administrateurs étrangers ne changerait pas le sort des créanciers de l'Etat, ne leur assurerait pas de meilleures garanties, et n'aurait d'autre effet que de donner à cette formalité un caractère politique que le Gouvernement Impérial a toujours voulu écarter de ses arrangements financiers.

Quant à la Commission Internationale recommandée à la Sublime Porte par les Puissances réunies au Congrès de Berlin, elle avait précisément pour objet de rechercher les moyens d'amener une entente entre le Gouvernement Impérial et les porteurs de titres de la Dette Publique, et comme cet accord est en voie d'être obtenu dans des conditions qui tiennent compte de toutes les nécessités, et concilient tous les intérêts, il n'y a pas lieu actuellement d'envisager l'éventualité prévue par le Protocole No. 18 du Congrès de Berlin.

Enfin votre Excellence reconnaîtra sans difficulté que les Décrets rendus par la Sublime Porte pour unifier sa dette et lui assurer dans l'avenir un revenu régulier, Décrets dont les dispositions ont été inspirées par les Comités des porteurs de titres eux-mêmes, n'établissent et n'admettent aucune distinction entre les porteurs à quelque nationalité qu'ils appartiennent, et que dès lors les intéressés Italiens aussi bien que les intéressés des autres pays, accueilleront ces mesures avec faveur.

Permettez-moi d'espérer, M. le Ministre, que ces loyales explications seront jugées satisfaisantes, et permettront à votre Excellence de rassurer pleinement le Gouvernement de Sa Majesté le Roi d'Italie sur le caractère et les effets des récentes décisions de la Sublime Porte, tant au point de vue politique qui en a été rigoureusement exclu, qu'au point de vue des intérêts des détenteurs Italiens de fonds publics Ottomans.

Veuillez, &c.

No. 57.

Lord Lyons to the Marquis of Salisbury.—(*Received March* 31.)

(No. 363.)

Paris, March 29, 1879.

My Lord,

IN my despatch No. 350 of the day before yesterday, I had the honour to report to your Lordship that I had informed M. Waddington that if a scheme, of which they could approve, were brought forward for giving financial aid to the Porte, Her Majesty's Government would be happy to designate Commissioners.

M. Waddington returned to this subject during an interview which I had with him last night.

He told me that he had been considering the subject, and that he had conceived very serious doubts as to the two Governments being justified in giving any encouragement at the present time to their countrymen to make further advances to the Porte. He conceived that there were no sufficient data for forming any trustworthy opinion as to what the financial resources of Turkey were likely to be in six months' time. She might have to incur military expenses with regard to the re-establishment of her sovereignty in Eastern Roumelia. She might have insurrections to suppress, or territorial arrangements to enforce in other parts of the Empire. How could the French and English Governments determine what interest, if any, she would be able to pay on the old loans? How could they affirm that she could pay interest regularly on a new loan? It seemed a strange thing to say, but still he could not help thinking that the collapse of the Turkish finances was not as yet complete enough to enable any sound judgment to be formed as to what the condition of those finances might be at the end of the present year. For his own part, he must confess that he shrank from taking any step which might expose the French Government to the reproach of having countenanced a new loan which might only increase the ruin which previous loans to the Porte had brought upon Frenchmen. He was, in fact, he said, of opinion that it would be prudent to wait for the complete execution of the Treaty of Berlin before sanctioning any financial scheme which involved a fresh loan to the Porte.

I observed to M. Waddington that I quite understood his scruples, but that the Porte was in such straits for money that it could hardly live on from day to day; and, I added, that, independently of political considerations, such a state of things, if suffered to continue, might be absolutely fatal to the interests of its creditors.

After some further discussion, M. Waddington asked me to send him a written Memorandum of the instruction I had received from your Lordship on the subject. I have accordingly sent to him this morning the Memorandum, of which I have the honour to inclose a copy.

I have, &c.

(Signed) LYONS.

Inclosure in No. 57.

Memorandum.

IF a scheme for giving financial aid to the Porte, of which Her Majesty's Government could approve, were brought forward, they would be happy to designate Commissioners.

They agree with M. Waddington in thinking that there is no objection to the participation of Italy in the proposed Commission.

No. 58.

Lord Lyons to the Marquis of Salisbury.—(Received April 2.)

(No. 565.)
My Lord, *Paris, March 31, 1879.*

I HAVE the honour to transmit to your Lordship herewith a copy of a note in which, in pursuance of the instruction contained in your Lordship's despatch No. 401 of the 27th instant, I have asked the French Government to repay the moiety of the sum which has been issued by Her Majesty's Government in consequence of the failure of the Porte to provide completely for the interest due on the Guaranteed Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 58.

Lord Lyons to M. Waddington.

M. le Président du Conseil, *Paris, March 31, 1879.*

UNDER the Convention concluded in the year 1855 between Great Britain, France, and Turkey, the Porte undertook to provide interest and sinking fund on the loan about to be raised under the guarantee of the two first-named Powers, and those two Powers undertook to provide the interest on the said loan in the event of the Porte failing to do so.

Your Excellency is aware that, in spite of the obligation imposed by the Convention, the Porte ceased to provide the sinking fund falling due in August 1876 and subsequent years; and that in the years 1876, 1877, and again February 1878, and February 1879, it failed to provide the half-yearly interest as it fell due. It is true that after greater or less delay the interest has in each case been eventually made good, with the exception of 45,604*l.* (part of a sum which the Porte directed the Khedive in February 1878 to pay to Her Majesty's Government out of the Tribute due by Egypt to Turkey), and with the exception also up to the present time of the greater part of the dividend due on the 1st February last.

In a note dated the 14th of that month, I had the honour to inform your Excellency of this last default, and I stated that the Lords, &c., of Her Majesty's Treasury had, in consequence, been compelled to ask the Bank of England to advance the money. I mentioned at the same time that the Marquis of Salisbury had requested the Ottoman Ambassador in London to call the serious attention of his Government to the matter; and I added that his Lordship hoped that the French Government would also address remonstrances to the Porte respecting its repeated failures to fulfil its engagements.

More than six weeks having elapsed and no reply having been received from the Porte, the Lords Commissioners of Her Majesty's Treasury found, on communication with the Bank of England, that a sum of 15,704*l.* had indeed been paid by the Porte, but that a balance of 60,000*l.* plus interest and expenses was outstanding, and their Lordships came to the conclusion that they must repay the amount at once to the Bank.

They have accordingly directed the necessary issue to be made out of the consolidated fund.

I have the honour to submit to your Excellency the accompanying account of the sums issued in consequence. Your Excellency will see that they consist of an item of 45,604*l.* remaining unpaid out of the advances made towards the dividend due on the 1st February, 1878, with an additional sum of 175*l.* 12*s.* 1*d.* for interest and expenses; and of 60,000*l.* (the unpaid balance of the advance made for payment of the dividends due on the 1st February, 1879), with 242*l.* 12*s.* 10*d.* for interest and expenses, making in all, 106,022*l.* 4*s.* 11*d.*

The Khedive of Egypt stands bound, under a special order of the Porte, to make good the sum of 45,604*l.*, first mentioned, out of the Tribute due by Egypt to Turkey, and a sum of 30,000*l.* is also due from His Highness, out of the same fund, towards the

[Should follow No. 58, on page 49.]

No. 58*.

Mr. Malet to the Marquis of Salisbury.—(Received April 3.)

(No293.)
(Telegraphic.) *Pera, April 3, 1879, 7·15 P.M.*

THE Grand Vizier says that Mussurus Pasha has informed him of financial negotiations with regard to four of the Ottoman loans, by which the holders of these loans would surrender part of the securities assigned to them, and so facilitate a new loan to the Porte on the guarantee of the remainder.

His Highness wishes to know if this project meets with the approval of Her Majesty's Government. If it does, and Her Majesty's Government will lend its countenance to it, he is ready to accept it at once.

His Highness understands that the Ottoman Bank is concerned in this scheme.

[Should follow No. 59, on page 49.]

No. 59*.

Mr. Landers to the Marquis of Salisbury.—(Received April 5.)

My Lord, *The Imperial Ottoman Bank (London Agency), April 4, 1879.*

THE Administration of the Imperial Ottoman Bank has, as your Lordship is aware, for some time past had under consideration the possibility of obtaining for the Turkish Government the funds which appear to be absolutely necessary to meet exigencies which must be satisfied before that Government can enter seriously upon any measures of general reform.

The Bank has now the honour to submit to your Lordship the basis of a project which they believe practicable, provided always that it meets with the approval, and carries with it the moral support of the English or English and French Governments acting in concert.

In formulating this project, the main objects in view have been (1) the provision of the funds necessary for the purposes mentioned; and (2) the attainment of this object with as little a charge as possible upon the revenues of the Turkish Government, whilst at the same time recognizing, so far as practicable under the present adverse circumstances, the rights of those who have special claims upon the particular revenues now proposed to be used as a security for the new loan in contemplation.

Your Lordship will, no doubt, observe that the project has been so framed as to avoid any possible question which might be raised by the Russian Government, inasmuch as it is based upon a charge on the revenues administered by the Customs of 1,260,000*l.*, in lieu of a previously existing one of 1,800,000*l.* on the same security.

The Directors of this Bank will be most happy to afford your Lordship any further information you may desire, and respectfully solicit an early intimation of the view which Her Majesty's Government takes of the proposal now submitted.

I have, &c.
(Signed) WM. LANDERS, *Secretary.*

Inclosure in No. 59*.

Project of Arrangement for Proposed Turkish Loan.

ANNEXED is a project for a loan to be raised for the Turkish Government upon the security of the Customs revenue, including the indirect taxes of the Empire.

The possibility of carrying out the scheme now suggested, or, indeed, any scheme whatever, depends upon the moral support which the British, or British and French Governments conjointly, may be disposed to give it.

The essential condition precedent to any attempt to raise money for the Turkish Government is the appointment by the Porte of irremovable administrative Commissioners, on the nomination of the English and French Governments; and it is in the highest degree important that, so far as may be practicable, an international character should be given to this appointment, which should be based on a Convention between the three Governments, in which the powers conferred on, and the duties entrusted to, the Commissioners, should be fully defined.

If, however, the English and French Governments should demur to entering into a formal Convention, effect could probably be given to the proposed arrangements by the exchange of official letters or Protocols between the Representatives of the three Governments, so that the transaction may be clothed with so grave official a character as to give a reliable assurance that the obligations entered into by the Turkish Government will be faithfully observed.

The objects to be attained may briefly be stated thus:—

The appointment by the Porte, on the nomination by the English or English and French Governments, of two gentlemen as Commissioners, under the denomination of "Directors-General of the Administration of the Customs and Indirect Taxes of the Imperial Ottoman Empire," to whom the Ottoman Government undertakes to give every support in the exercise of their functions upon defined terms of remuneration, accompanied by a Declaration that the Commissioners are irremovable, except with the consent of the two Western Governments. That in the event of the death or retirement of the Commissioners, or either of them, the Sublime Porte will, from time to time, appoint substitutes on the nomination of the Governments of England and France, which nominations those Governments will undertake when necessary to make.

The Sublime Porte must further, as a consideration for the duties undertaken by the English and French Governments, solemnly engage with those Governments that the following powers shall be conferred on the Commissioners:—

1. That the absolute administration of the Customs and the indirect taxes, such as salt, tobacco, &c., which are at present included under the general term of Customs administration, shall, at a fixed date, be handed over to the Commissioners, who shall manage, control, and administer the same, without any interference whatever on the part of the Turkish Government, who shall engage to afford to the Commissioners every support necessary to enable them effectually to discharge their functions, and not to increase or diminish the existing scale of taxation without previous approval of the Commissioners.

That, for the purposes of such administration, the Commissioners shall have full and absolute power of employment and dismissal, as they may, in their absolute discretion, think necessary, of employés, clerks, &c., it being understood that, so far as practicable, the employés and clerks shall be Turkish subjects; but that the Commissioners are not debarred from employing foreigners to any extent they may think necessary for the proper administration.

That the Commissioners shall receive all the duties payable in respect of the matters under their administration, and shall, in the first instance, pay thereout all costs of administration, including their own salaries, and, secondly, pay to the agents of the new loan the annual service in the manner and at the times to be stipulated in the contract for that loan; thirdly, to pay any balance there may be to the Government.

The Commissioners to render yearly to the Sublime Porte a detailed account of their administration, showing the sums received and the expenditure; and that a copy of this yearly account shall be furnished to the French and English Governments, for the information of the holders of the new loan.

The appointment of Commissioners to continue until the whole of the new loan shall have been repaid.

In addition to the foregoing, it appears important that, in the application which will be made by the Sublime Porte to the English and French Governments, asking their intervention in the matter, a declaration should be made, with the full authority of the

Sultan, to the following effect, viz.: That when and so soon as the net yearly income of the Government, including the balance to be paid over by the Customs Commissioners, shall amount to a sum equivalent to *l.* sterling, then the Porte will hand over the surplus income beyond that amount to , to be administered by them, by dividing the same amongst the holders of the bonds of the several Turkish loans, including the General Debt (excepting only the Loans of 1858, 1860, 1862, and 1863, which are, as will be seen by the Project, provided for in the scheme for the new loan). This surplus to be divided rateably amongst those bondholders who may be willing to convert upon the same basis as the option given to the holders of the four loans for conversion of their holdings into bonds of the proposed loan, viz., interest at 5 per cent. on 60 per cent. of the respective issue prices of the several loans.

April 1879.

Project for Proposed Turkish Loan, 1879.

Loan, 21,000,000*l.*; interest, 5 per cent.; sinking fund, 1 per cent.; annual charge, 1,260,000*l.*, secured upon Customs revenue and tobacco, salt, &c., under Customs administration.

Of this loan, 6,600,000*l.* to be appropriated to the bondholders of the Loans of 1858, 1860, 1862, and 1863—that is to say, bonds of the present loan to be given in exchange for the bonds of these several loans, at the rate of 60 per cent. upon their several prices of issue.

14,400,000*l.* to be issued on account of the Turkish Government. The proceeds of 5,500,000*l.* of this amount to be assigned to the advances lately made to the Turkish Government on the security of the customs, and in the event of the whole loan not being subscribed, the creditors in respect of the said advances to take at the price of issue such proportionate part of 5,500,000*l.* as may not be publicly subscribed.

There remains 8,900,000*l.* for account of the Turkish Government.

	£
Assuming an issue price of 75 per cent. this would produce	6,675,000
Less charges of issue	350,000
Total	6,325,000

The urgent wants of the Turkish Government would appear to be—

1. The disbanding of the army, requiring from 1½ to 2 millions.

2. The withdrawal of the caimé from circulation, probably necessitating about 3 millions.

3. The establishment of gendarmerie in Asia Minor, requiring, as is supposed, from half-a-million to a million.

4. Appointment of Judicial Inspectors.

These would seem to be the necessary preliminaries to any serious reforms of the general financial administration of Turkey.

The first and the partial carrying out of the second brook no delay, and it would be necessary for the parties undertaking the loan to advance about 3 millions at once against the eventual proceeds of the loan.

The revenues which form the security for this loan were pledged to the extent of about 1,800,000*l.* a-year to the four loans which it is now proposed to satisfy by a conversion of their remainders into 6,600,000*l.* of the stock of the present loan, involving an annual charge of 396,000*l.*

It seems necessary that some engagement shall be taken that when the general revenue shall exceed a certain fixed amount the other loans of the Turkish Government shall out of such surplus be treated exactly in the same manner as those here enumerated.

repayment of the second item. His Highness has not, however, made any payment on either account.

Her Majesty's Government have hitherto abstained from applying for the payment by France of the portion of the advances which falls to the charge of that country; but, as the date of recovery appears to be altogether indefinite, they feel that they have now no alternative but to ask the French Government, in accordance with the terms of the Declaration of the 27th July, 1855, to repay the moiety of the sum which, as shown by the inclosed account, has been issued by Her Majesty's Treasury in consequence of the default of the Porte.

The terms of the Declaration, in fact, are that, in the event of the Turkish Government failing, in whole or in part, to remit the amount of the half-year's interest, the British Government shall advance the amount necessary to enable the Bank of England to pay the said interest at the appointed time; that the British Government shall then transmit to the French Government an account of the amount so advanced, and that the French Government, on its part, shall immediately remit to the British Government the half of such amount; it being understood that any sums so advanced by the British and French Governments shall be proportionally repaid to them out of any funds which may be remitted by the Turkish Government to the British Government.

I have, &c.
(Signed) LYONS.

No. 59.

The Marquis of Salisbury to Mr. Malet.

(No. 487.)
Sir, *Foreign Office, April 4*, 1879.

I HAVE received your telegram No. 293 of yesterday's date, reporting the statement made to you by the Grand Vizier as to the negotiations for the issue of a fresh loan on a part of the securities already pledged to the Loans of 1858, 1860, 1862, and 1863.

I have informed you, in reply, that if the arrangement is accepted by the holders of the loans in question, Her Majesty's Government are willing to lend their countenance to the plan to the extent of appointing Commissioners to receive and administer the customs revenues, which will be one of the principal securities for the proposed new loan.

I am, &c.
(Signed) SALISBURY.

No. 60.

Mr. Lander to the Marquis of Salisbury.—(*Received April* 8.)

(Confidential.)
My Lord, *Imperial Ottoman Bank (London Agency), April* 8, 1879.

IN the loan project which the Directors of this Bank had the honour to submit to your Lordship the amount assigned to the bondholders, to whom the customs securities were pledged, was fixed rather with reference to the penury of the Turkish Government than to the rights which those bondholders possess.

From a conversation with the Turkish Ambassador, it would appear that the expectations of those bondholders extend considerably beyond the terms suggested, and it is gathered that, in negotiation with the Turkish Ambassador, terms more favourable have received something like an assent.

It is thought necessary to mention this fact to your Lordship because, in the event of Her Majesty's Government entertaining the project presented, it might require alteration in a sense involving a greater sacrifice on the part of the Turkish Government than, as at present framed, is contemplated.

I have, &c.
(Signed) WM. LANDER, *Secretary*.

No. 61.

The Marquis of Salisbury to Lord Lyons.

(No. 461.)
Foreign Office, April 8, 1879.

My Lord,

IN my despatch No. 459 of this day's date I sent your Excellency copies of two letters from the Ottoman Bank, containing a proposal with regard to the new Ottoman Loan. I presume that M. Waddington is already acquainted with the nature of this proposal.

I have now to inform your Excellency that Her Majesty's Government are disposed to appoint Commissioners, and to accept from the Porte an engagement that these Commissioners shall receive the proceeds of the regie and customs, and that with regard to the latter they shall have the power of introducing reforms in the administration of the customs, and with that view that the nomination and dismissal of employés shall rest in their hands. The Commissioners would be irremovable without the consent of Her Majesty's Government.

It appears, however, requisite that the consent of the bondholders of the four loans named, or of their representatives, should in some form be obtained, and it will be necessary to protect Her Majesty's Government from possible responsibility by a declaration similar to that made in the case of the Daïra Loan.

Before giving any answer to the proposals of the Ottoman Bank, Her Majesty's Government would like to know M. Waddington's opinion on the subject, and I have, therefore, to request your Excellency to ascertain his views and report the result to me.

I am, &c.
(Signed) SALISBURY.

No. 62.

Lord Tenterden to Mr. Lingen.

Foreign Office, April 8, 1879.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 21st instant respecting the advances made by the Bank of England on account of the interest of the Turkish Guaranteed Loan of 1855, the outstanding balances of which have now to be repaid to that establishment out of the Consolidated Fund.

I am to transmit to you herewith, for the information of the Lords Commissioners of Her Majesty's Treasury, copies of instructions which have been addressed to Her Majesty's Representatives at Paris, Constantinople, and Cairo on this subject.* Their Lordships will perceive that Lord Lyons has been directed to apply to the French Government for the payment of a moiety of the sum disbursed by Her Majesty's Government, in accordance with the engagements entered into at the time when the loan was contracted, and that the attention of the Turkish and Egyptian Governments will again be called to the expediency of making provision to meet their engagements.

I am further directed to inform you that no payment will be made to the Turkish Government on account of the revenues of Cyprus without previous communication with their Lordships.

I am, &c.
(Signed) TENTERDEN.

No. 63.

Mr. Law to Lord Tenterden.—(*Received April* 10.)

Treasury Chambers, April 10, 1879.

My Lord,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you, with reference to the Treasury letter of the 21st March on the subject of the Guaranteed Ottoman Loan, that they have received intimation from the Bank of England of a remittance of 40,600*l.*, on account of overdue instalments of Egyptian Tribute applicable to the service of the said Loan.

* Nos. 51, 53 and 54.

As my Lords have received no advice from the Foreign Office of this remittance, they have assumed that it is in part payment of the sum of 45,604*l.*, plus expenses, advanced by Her Majesty's Government, and still outstanding, on account of the dividend due in February 1878; for the Secretary of State will remember that the Khedive was instructed by the Porte to pay that sum out of the Egyptian Tribute.

My Lords will be glad to receive any information which may reach the Foreign Office upon this point; but, in the meantime, the Secretary of State will no doubt think it right to intimate to the French Government the fact of such a payment having been made, inasmuch as it causes a diminution, *pro tanto*, of the claim which my Lords have asked Lord Salisbury to make upon the Government of the Republic.

I am, &c.
(Signed) WILLIAM LAW.

No. 64.

Lord Lyons to the Marquis of Salisbury.—(*Received April* 12.)

(No. 400.)
Paris, April 10, 1879.

My Lord,

YESTERDAY, in obedience to the instruction contained in your Lordship's telegram No. 7 of the day before, I spoke to M. Waddington of the proposal of the Ottoman Bank for raising a loan for Turkey.

I told his Excellency that, on certain conditions, Her Majesty's Government was disposed to appoint Commissioners. I recited to him these conditions in the terms of your Lordship's telegram, and, at his request, I left with him a written memorandum of the substance of them.

M. Waddington answered that the plan of the Ottoman Bank had been communicated to him, but that he was not yet in a situation to give an opinion upon it.

I spoke to M. Waddington again on the subject this afternoon, but found that he was still unprepared to express any opinion respecting the plan.

I have, &c.
(Signed) LYONS.

No. 65.

M. Catalani to the Marquis of Salisbury.—(*Received April* 12.)

(Confidentielle.)
35, *Queen's Gate, S.W., le* 8 *Avril*, 1879.

Mon Lord,

DANS la conversation que j'ai eu l'honneur d'avoir avec votre Excellence le 7 courant, je l'ai informée que si le Gouvernement Ottoman, après l'insuccès du projet Tocqueville, acceptemit de nouvelles propositions pour un emprunt, en hypothéquant les divers revenus de l'Etat, le Gouvernement Italien ne pourrait pas consentir à ce que la Sublime Porte dispose, au préjudice de ses anciens créanciers, des sources des revenus déjà données en garantie à ces derniers.

Votre Excellence m'a fait l'honneur de répondre qu'elle prenait acte de cette déclaration du Gouvernement Italien.

D'après les instructions de mon Gouvernement, j'ai l'honneur de m'adresser à la bienveillante courtoisie de votre Excellence pour la prier de vouloir bien me faire savoir si le Gouvernement de Sa Majesté la Reine croit, ainsi que le Gouvernement Italien, que les diverses sources de revenus de la Turquie, lesquelles ont subi une modification par suite de la nouvelle organisation de quelques provinces de l'Empire Ottoman, n'ont pas toutefois cessé de faire partie des garanties données à quelques catégories de créanciers; et si le Gouvernement de Sa Majesté la Reine est d'avis que le droit des porteurs d'obligations Turques sur les impôts du vilayet du Danube ont été, de plein droit, transférés sur le tribut que cette province doit payer à la Porte.

Je m'empresse, &c.
(Signé) T. CATALANI.

No. 66.

Mr. Blake to the Marquis of Salisbury.—(Received April 12.)

Varna Railway Company,
Offices: 28, *New Broad Street, E.C., April* 10, 1879.

My Lord,

I HAVE the honour to acknowledge the receipt of Lord Tenterden's letter of the 20th ultimo, and beg leave, in my own name and in that of my colleagues, to thank your Lordship for the kindness with which you acceded to our request, by furnishing M. Timoni with a letter of introduction to Mr. Palgrave.

In order to guard against misconception, I must observe that our principal object in addressing your Lordship was not to ask for an obviously premature mediation with the unconstituted Government of Bulgaria, but to represent that the Porte has been our debtor ever since the year 1874, and that we could not allow any scheme whatever for the reorganization of the Ottoman finances to pass without energetic protest which should appear to overlook our just claims.

As it is generally believed that no such reorganization can be effected without more or less of assistance on the part of Her Majesty's Government, we venture respectfully to request that, at the proper time, your Lordship will see that our debt is treated with due regard.

Without prejudice to our right to derive the fullest advantage from the Xth Article, we must yet observe that it is in virtue of an older title than any which could be conferred by the Treaty of Berlin that we consider ourselves justified in looking, in the first instance, to Constantinople for satisfaction.

I have, &c.
(Signed) H. WOLLASTON BLAKE, *President.*

No. 67.

The Marquis of Salisbury to Lord Lyons.

(No. 475.)
Foreign Office, April 12, 1879.

My Lord,

HER Majesty's Government would be very glad to be informed whether the French Government are prepared to appoint Commissioners, under the proposed scheme for a new Ottoman Loan, if Her Majesty's Government do so on their part.

I am, &c.
(Signed) SALISBURY.

No. 68.

The Marquis of Salisbury to Mr. Malet.

(No. 533.)
Foreign Office, April 12, 1879.

Sir,

THE Ottoman Ambassador called upon me and stated that, though the Circular which he had handed to me ten days before had undoubtedly conveyed a refusal of the proposal for a mixed military occupation, it still left room for negotiations; and he was now charged to tell me that the Porte were not prepared to uphold that refusal if all the Powers concurred in pressing the arrangement upon them.

I said that there did not seem to be any prospect of such unanimity at the present moment. I observed to his Excellency that it appeared that his Government had received no formal communication upon the subject at all. The proposal had been confidentially mentioned to the Grand Vizier by Mr. Malet, but it was not with England that it had originated. Every other Power in Europe had received it from Russia, and until Turkey received it from Russia it was hardly possible to discuss it on the assumption that the consent of Turkey had been formally solicited.

His Excellency concurred with me in this opinion. He then spoke to me of the loan. He represented the financial distress of Turkey as the real impediment to the collection of a sufficient force upon her northern frontier to ensure the execution of the Treaty, and pressed that Her Majesty's Government should assent to the part assigned to it by the scheme of the Ottoman Bank.

I said that Her Majesty's Government had no objection to recommending Commissioners as he wished, provided always the consent of the bondholders concerned had been previously obtained.

He stated that he was in communication with Mr. Bouverie and Mr. Hamond upon this subject; that he had little doubt of obtaining the requisite consent, but that he much distrusted the action of the Ottoman Bank, who seemed determined to wreck the scheme if they could, by not providing themselves with this preliminary consent, without which he felt confident no such loan would ever float in the English market.

His Excellency also spoke to me with respect to Egypt. He expressed the deep regret of the Sultan at the conduct of the Khedive, and His Majesty's willingness to co-operate with the Western Powers in taking such measures as should be thought advisable to restore an understanding between them and the Government of Egypt. But he pressed somewhat earnestly upon me that any communications we desired to make, whether they amounted to an announcement of deposition, or were of a less extreme character, should be made through the Porte. The Porte would willingly, he said, associate itself with the Western Powers in this matter, but those Powers would find themselves confronted by obstacles much more formidable than they anticipated if they attempted to act without its concurrence.

I am, &c.
(Signed) SALISBURY.

No. 69.

The Marquis of Salisbury to Lord Lyons.

(No. 498.)
Foreign Office, April 14, 1879.

My Lord,

WITH reference to my despatch No. 401 of the 27th ultimo, relative to advances made by the Bank of England on account of the interest of the Turkish Loan of 1855, which has now been repaid by Her Majesty's Government, I transmit to your Excellency herewith copy of a letter from the Treasury, stating that a remittance of 40,600*l.* has been received at the Bank of England on account of overdue instalments of Egyptian Tribute applicable to the service of the said loan.

I have to request that your Excellency will at once bring this payment to the knowledge of the French Government, in reference to the communication you were instructed to make by my despatch above mentioned; intimating at the same time that the outstanding balance to be borne in equal moieties by the Governments of France and England is thus reduced from 106,622*l.* 4*s.* 11*d.* to 66,022*l.* 4*s.* 11*d.*

I am, &c.
(Signed) SALISBURY.

No. 70.

Lord Lyons to the Marquis of Salisbury.—(Received April 16.)

(No. 420.)
Paris, April 14, 1879.

My Lord,

I PRESSED M. Waddington, on the day before yesterday, for an answer on the subject of the scheme for a loan for Turkey put forward by the Ottoman Bank, but he said he was still unable to express an opinion on the subject.

Later, on the same day, I had the honour to receive your Lordship's telegram No. 14, and, in obedience to the instructions contained in it, I asked M. Waddington last night whether, if Her Majesty's Government appointed Commissioners under the scheme in question, the French Government would do so also.

M. Waddington said that he had sent the scheme to the Finance Department to be carefully examined, and that until he had learnt the result of that examination he was unwilling to enter into any discussion on the subject.

In answer to a further inquiry, which I made this afternoon, he told me that he had no doubt that he should be able to answer my question in a few days' time.

I have, &c.
(Signed) LYONS.

No. 71.

Lord Lyons to the Marquis of Salisbury.—(Received April 17.)

(No. 423.)
My Lord, *Paris, April 16, 1879.*

I HAVE the honour to transmit to your Lordship a copy of a note in which, in obedience to the instruction contained in your Lordship's despatch No. 498 of the day before yesterday, I have informed the French Government of the remittance which has been received at the Bank of England on account of overdue instalments of Egyptian Tribute, applicable to the service of the Turkish Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 71.

Lord Lyons to M. Waddington.

M. le Président du Conseil, *Paris, April 16, 1879.*

IN reference to the note which I had the honour to address to your Excellency on the 31st of last month, I am instructed by Her Majesty's Government to inform you that a remittance of 40,600*l.* has been received at the Bank of England on account of overdue instalments of Egyptian Tribute applicable to the service of the Turkish Loan of 1855.

I am directed to intimate at the same time that the outstanding balance to be borne in equal moieties by the Governments of Great Britain and France is thus reduced from 106,622*l.* 4*s.* 11*d.* to 66,022*l.* 4*s.* 11*d.*

I have, &c.
(Signed) LYONS.

No. 72.

The Marquis of Salisbury to Mr. Malet.

(No. 570 A.)
Sir, *Foreign Office, April 22, 1879.*

THE Turkish Ambassador called upon me to-day to speak to me about the prospect for a Turkish loan. His Excellency appeared to be apprehensive that the operations of the Ottoman Bank would not be likely to lead to the early completion of the arrangement, but he was particularly anxious to impress upon me that it was not necessary, for the purpose of raising the loan, that any excessive or unusual powers should be given to the English Commissaries to be named for the purpose of receiving the customs revenues; that it would fully suffice if they had authority to receive the money as it was paid in, and to hand it over to the persons designated to receive it.

I told Musurus Pasha that this was a matter in which the English Government were little concerned in comparison to those who were expected to subscribe to the loan. My impression was, that if the Porte limited the powers of the proposed Commissaries, the advantage of their employment for the purpose of reinforcing the credit of Turkey would be entirely destroyed.

I am, &c.
(Signed) SALISBURY.

No. 73.

The Marquis of Salisbury to M. Catalani.

M. le Chargé d'Affaires, *Foreign Office, April 22, 1879.*

I HAVE had under my consideration the letter which you did me the honour to address to me on the 8th instant, recalling what you had stated to me in conversation on the previous day, that if in consequence of the failure of the de Tocqueville scheme the Porte should enter into other arrangements for a loan and should hypothecate revenues already assigned as guarantee to existing creditors, the Italian Government could not consent to such an arrangement.

Your letter proceeds, M. le Chargé d'Affaires, to inquire what are the views of Her Majesty's Government as to how far the various sources of Turkish revenue which may have been affected by the new organization of some of the provinces of the Turkish Empire may still remain pledged to certain categories of the Porte's creditors.

In regard to these and other points treated of in your letter, I have to observe, M. le Chargé d'Affaires, that the questions thus raised by your Government are full of difficulty, and that Her Majesty's Government hesitate to attempt an answer to them which would hardly be satisfactory, until the actual form in which they arise shall have defined the precise points which are to be the subjects of inquiry.

I am, &c.
(Signed) SALISBURY.

No. 74.

Lord Lyons to the Marquis of Salisbury.—(Received April 23.)

(No. 450. Confidential.)
My Lord, *Paris, April 22, 1879.*

Since I had the honour to address to your Lordship my despatch No. 420 of the 14th instant, I have lost no opportunity of pressing M. Waddington for an answer to your Lordship's question, whether if Her Majesty's Government appoint Commissioners under the scheme of the Ottoman Bank for a Turkish loan, the French Government will do so also.

M. Waddington assigned as a reason for his delay the absence of M. Léon Say, the Minister of Finance, with whom he desired to confer upon the subject.

In answer to a fresh representation which I made to him yesterday, M. Waddington told me that M. Léon Say had come back and that he had spoken to him on the subject, but that they had not had time to examine it thoroughly. He added that it appeared to them at first sight that the scheme gave an unfair advantage to some of the old loans over others. He concluded by saying that he was not prepared to give a positive opinion on the scheme, but that he hoped to be able to do so to-day.

He has, however, let me know privately this morning that he shall not be able to give me a definite answer to-day, several persons whom he wished to consult being still out of town.

I have more than once begged him to consider that it could not be for the interest of the creditors that their debtor should be left to perish from inanition; but I have never succeeded in getting him to admit that it is desirable at this time to act with promptitude in order to relieve the Turkish Finances.

I have, &c.
(Signed) LYONS.

No. 75.

Lord Lyons to the Marquis of Salisbury.—(Received April 28.)

(No. 468.)
My Lord, *Paris, April 26, 1879.*

M. WADDINGTON expressed to me this afternoon his regret at being still unable to inform me of the decision of the French Government on the question of appointing Commissioners under the scheme of the Ottoman Bank for raising a new Turkish loan. They had not yet, he said, received the Report from the Finance Department for which he had been waiting.

As at present informed, he believed that the defect of the scheme was that it gave an undue advantage to the loans to which the customs revenues were specially pledged over the General Consolidated Debt.

I have, &c.
(Signed) LYONS

No. 76.

Count de Kergorlay to the Marquis of Salisbury.—(*Received April* 30.)

Ambassade de France en Angleterre, Londres, le 28 *Avril*, 1879.

M. le Marquis,

AUX termes de la Convention du 27 Juillet, 1855, les Gouvernements Français et Anglais se sont engagés conjointement à assurer le service des intérêts de l'Emprunt Turc de 1855, dans le cas où la Porte cesserait de remplir les engagements qu'elle avait souscrits. Les sommes avancées, à cet effet, à la Banque d'Angleterre par le Gouvernement de la Reine se montent à un total de 66,022*l.* 4*s.* 11*d.*, dont moitié incombe au Gouvernement Français. M. le Ministre des Affaires Etrangères m'annonce par une lettre du 24 courant que M. Tarade, Délégué du Trésor à Londres, a reçu les instructions nécessaires pour le remboursement de la part afférente à la France qui se monte à une somme de 33,011*l.* 2*s.* 5½*d.*

Je m'empresse d'informer votre Excellence qu'après s'être entendu avec moi à ce sujet, M. Tarade s'apprête à faire incessamment à la Banque d'Angleterre le versement en question.

Veuillez, &c.
(Signé) C^te^ R. DE KERGORLAY.

No. 77.

Lord Lyons to the Marquis of Salisbury.—(*Received April* 30.)

(No. 476.)

Paris, April 29, 1879.

My Lord,

WITH reference to your Lordship's despatches No. 401 of the 27th ultimo and No. 498 of the 14th instant, as well as to my despatches No. 365 of the 31st ultimo and No. 423 of the 16th instant, I have the honour to transmit to your Lordship a copy of a note from the French Minister for Foreign Affairs, stating that orders have been given to place, with the shortest possible delay, the sum of 33,011*l.* 2*s.* 5½*d.* at the disposal of Her Majesty's Government, in payment of the French moiety of the advances made by Great Britain on account of the Turkish Guaranteed Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 77.

M. Waddington to Lord Lyons.

Paris, le 24 *Avril*, 1879.

M. l'Ambassadeur,

J'AI transmis à M. le Ministre des Finances la lettre que vous m'avez fait l'honneur de m'adresser le 31 Mars dernier, ainsi que la communication de votre Excellence en date du 16 de ce mois qui y faisait suite. M. Léon Say m'annonce qu'il vient de donner à l'Agent du Trésor Français à Londres les instructions nécessaires pour que la somme de 33,011*l.* 2*s.* 5½*d.* représentant la part qui incombe à la France dans les avances faites par le Gouvernement Britannique pour le service des intérêts de l'Emprunt Turc de 1855, soit placée, sous le plus bref délai, à la disposition du Trésor Anglais.

Agréez, &c.
(Signé) WADDINGTON.

No. 78.

Memorandum of Conditions precedent to Conclusion of a Contract between the Imperial Ottoman Government and the Imperial Ottoman Bank for a Loan to be raised for the Turkish Government upon the Security of the Customs Revenue, including the Indirect Taxes of the Empire.—(*Communicated to the Marquis of Salisbury, May* 2.)

AN Administrative Commission, to be appointed by an irrevocable Decree of His Imperial Majesty the Sultan, composed of three members (with provision for

augmenting the number to five as after mentioned) under the denomination of "Directors General of the Administration of the Custom and Indirect Taxes of the Imperial Ottoman Empire," of whom two members shall be appointed by His Imperial Majesty the Sultan upon the nomination of the English Government, the members so appointed being irremoveable without the consent of that Government, the third Commissioner being appointed by His Imperial Majesty, and to be President of the Commission.

The English Government are willing, upon the request of the Sublime Porte, to make such nomination upon the following conditions:—

1. That the Commissioners appointed on the nomination of the English Government shall be irremoveable except with the consent or at the instance of that Government, and that in the event of the death or retirement of those Commissioners, or either of them, the Sublime Porte will from time to time, as often as occasion may require, appoint substitutes on the nomination of the English Government, which nomination that Government will undertake to make.

2. That His Imperial Majesty the Sultan will solemnly engage *vis-à-vis* the English Government.

That the absolute administration and direction of the Customs, and the indirect taxes, such as salt, tobacco, &c., which are at present included under the general term of "Customs Administration," shall, at a fixed date, be handed over to the Commissioners, who shall manage, control, and administer the same without any interference whatever on the part of the Turkish Government, who shall engage to afford to the Commissioners every support necessary to enable them effectually to discharge their functions.

That during the existence of the Commission the Turkish Government will not increase or diminish the existing scale of impost without previous approval of the Commissioners.

That for the purposes of administration the Commissioners shall have full and absolute power of employment and dismissal, as they may in their absolute discretion think necessary, of employés, clerks, &c., it being understood that, so far as practicable, the employés and clerks shall be Turkish subjects, but that the Commissioners are not debarred from employing foreigners to any extent they may think necessary for the proper administration.

That the Commissioners shall receive all the duties payable in respect of the matters under their administration, and shall in the first instance pay thereout all costs of administration, including their own salaries; and, secondly, pay to the agents of the new Loan the annual service for the same in the manner and at the times to be stipulated in the contract for that Loan; thirdly, to pay any balance there may be to the Turkish Government.

That the Commissioners shall render yearly to the Sublime Porte a detailed account of their administration, showing the sums received and the expenditure, and that a copy of this yearly account shall be furnished to the English Governments for the information of the holders of the new Loan.

That the appointment of the Commission shall continue until the whole of the new Loan shall have been repaid.

That in the event of the French Government desiring hereafter to be represented on the Commission, then in that case the number of Commissioners shall be augmented from three to five, of whom two shall be appointed on the nomination of the French Government upon the same footing in all respects as the two Commissioners nominated by the English Government.

That, in addition, His Imperial Majesty the Sultan shall solemnly engage that when and so soon as the net yearly income of his Imperial Government, including the balance to be paid over by the Customs Commissioners, shall amount to a sum equivalent to *l.* sterling, the surplus income beyond that amount shall be handed over to the Commissioners to be administered by them *by dividing the same* amongst the holders of the bonds of the several Turkish Loans, including the general debt (excepting only the Loans of 1858, 1860, 1862, and 1863, however, which will be provided for in the scheme for the new Loan), such surplus to be divided yearly rateably amongst those bondholders who may be willing to agree to a conversion of their bonds upon the same basis as the option given to the holders of the four Loans for conversion of their holdings into bonds of the proposed Loan, viz., interest at 5 per cent. on 60 per cent. of the respective issue prices of the several Loans.

No. 79.

Mr. Law to Lord Tenterden.—(Received May 3.)

Treasury Chambers, May 2, 1879.

My Lord,

WITH reference to the letters from this Board of the 21st March last and 10th ultimo, on the subject of the Ottoman Guaranteed Loan of 1855, I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State for Foreign Affairs, the inclosed copies—

1. Of a letter dated the 30th ultimo from M. de Tarade, Financial Agent of the French Government; and,

2. Of a letter of this day's date from the Treasury in reply thereto.

Lord Salisbury will learn from these letters that the amount due by the Government of France, on account of the dividends which the Turkish Government has failed to provide in full, has been paid; and I am to request that you will move his Lordship to cause my Lords' acknowledgment to be conveyed to the French Government.

I am, &c.
(Signed) WILLIAM LAW.

Inclosure 1 in No. 79.

M. Tarade to Mr. Lingen.

Financial Agency of the French Government, 5, Lothbury, April 30, 1879.

Sir,

I AM instructed by the French Government to inform you, with reference to the correspondence which has passed between Her Majesty's Government and the Government of the Republic, that they have given instructions for the payment to Her Majesty's Government of the moiety due, under the Convention of the 27th June, 1855, and the Declaration of the 27th July, 1855, by the Government of the Republic on account of the dividends, &c., on the Turkish Guaranteed Loan of 1855, due on the 1st February, 1878, and the 1st February, 1879; and I have the honour to state that I am prepared to pay the sum of 33,011*l.* 2*s.* 5½*d.* to the account of the Exchequer at the Bank of England so soon as the officers of the Bank are authorized to receive the same.

I am, &c.
Le Délégué du Trésor Français,
(Signed) DE TARADE.

Inclosure 2 in No. 79.

Mr. Law to M. Tarade.

Treasury Chambers, May 2, 1879.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to inform you that the Bank of England has notified to them the receipt of 33,011*l.* 2*s.* 5*d.*, which you have paid into the account of the Exchequer at the Bank, in accordance with the intimation contained in your letter of yesterday's date; and I am to request you to convey to the Government of the French Republic my Lords' acknowledgment of the payment of that sum in discharge of the liability incurred by the Republic under the Convention of the 27th June, 1855, and the Declaration of the 27th July, 1855, in consequence of the failure of the Turkish Government to provide in full the dividends on the Guaranteed Loan falling due on the 1st February, 1878 and 1879 respectively.

I am, at the same time, to inclose a Memorandum setting forth the circumstances under which the liability was incurred, the amount of the liability, and the sums received up to the present in reduction thereof, showing a net balance outstanding of 66,022*l.* 4*s.* 11*d.*, the moiety of which you have just made good to Her Majesty's Government.

I am to add that, should further sums be received from the Porte or from the Egyptian Government on account of the Porte in the diminution of the above liability, my Lords will lose no time in placing the moiety of such sums to the credit of the Government of France.

I have, &c.
(Signed) WILLIAM LAW.

No. 80.

Sir A. Paget to the Marquis of Salisbury.—(Received May 5.)

(No. 187. Confidential.)

My Lord,

Rome, April 28, 1879.

COUNT TORNIELLI stated to me two days ago that the Minister for Foreign Affairs was in some embarrassment as to the means of communicating at this moment with Her Majesty's Government owing to the absence of General Menabrea, whose health would, perhaps, not allow him to return immediately to London, and his Excellency having come away without the First Secretary being present at the Embassy. It was to be foreseen, Count Tornielli said, that a good many questions might arise during the present time on which the Italian Government would wish for correct and speedy information respecting the views of Her Majesty's Government, and he had therefore been charged by M. Depretis to ask me if I would undertake to be the channel for such communications.

Upon my stating that my services were of course at the disposal of the Italian Government, Count Tornielli said that there was now a question on which the Italian Government was anxious to learn the views of Her Majesty's Government, and he proceeded to state it. It was agreed, however, that he should send me a Memorandum of it, and I have the honour to inclose a copy of the paper which I received from Count Tornielli yesterday afternoon, and which embodies the observations which he made the previous day. It refers to the event of the Turkish Government endeavouring to contract a loan on the security of all the revenues which still remain impledged, or of diverting in favour of the new creditors the revenues which have already been pledged in security for former loans; and the question which the Italian Government is anxious to have answered, and which I embodied in my telegram, recorded in my despatch No. 182 of yesterday's date, is what course, in either of the hypotheses abovementioned, Her Majesty's Government intend to take in order to protect the interests of the English bondholders of previous Turkish loans.

I may mention that General Menabrea called on me this morning and informed me of his intention of returning to London in about a fortnight.

I have, &c.
(Signed) A. PAGET.

Inclosure in No. 80.

Memorandum.

UNE question de caractère essentiellement juridique s'est présentée à l'occasion de la combinaison Tocqueville. Elle pourrait se reproduire en vue des opérations financières que la Sublime Porte serait amenée à réaliser dans le but de pourvoir à ses besoins pécuniaires. Cette question concerne l'hypothèque sur des branches spéciales de recette, que la Turquie a concédée en faveur de plusieurs emprunts. On sait qu'une bonne partie des impôts directs constitue la garantie de certains titres de la Dette Publique Ottomane.

Mais les impôts indirects eux-mêmes sont affectés, dans une large mesure, au service de la dette. Ainsi, l'Emprunt de 1858 est garantie par la recette de la douane et de l'octroi de Constantinople; l'Emprunt de 1862 a pour garantie les recettes de la douane en général; l'Emprunt de 1863 a pour garantie les recettes du tabac, du sel, du timbre et enregistrement.

Pour les cas où la Sublime Porte se disposerait à contracter d'autres engagements de ce genre, soit en accordant des gages qui absorberaient tous les revenus encore disponibles, soit en détournant, en faveur de ses nouveaux créanciers, les gages

affectés aux anciennes créances, il serait utile de connaître l'attitude que le Gouvernement Britannique prendrait vis-à-vis d'un pareil détournement, c'est-à-dire, si et quelles démarches il compterait faire pour sauvegarder les droits de ses nationaux porteurs de titres gagés de la Dette Ottomane.

No. 81.

Lord Lyons to the Marquis of Salisbury.—(Received May 6.)

(No. 490.)
My Lord,

Paris, May 3, 1879.

M. WADDINGTON being in Paris for the day, I asked him this afternoon whether he was able to answer the question put to him so long ago by Her Majesty's Government on the subject of appointing Commissioners under the scheme of the Ottoman Bank for raising a loan for the Porte.

M. Waddington said that there were people whom he thought it necessary to consult, but whom he had not yet been able to see, but that he felt sure of being able to give an answer next week.

I have, &c.
(Signed) LYONS.

No. 82.

The Marquis of Salisbury to Sir A. Paget.

(No. 269.)
Sir,

Foreign Office, May 8, 1879.

I HAVE received your Excellency's despatch No. 187, Confidential, of the 28th ultimo, stating that Count Tornielli had expressed the desire to ascertain the views of Her Majesty's Government as to the possible event of the Turkish Government endeavouring to contract a loan on the security of the revenues still unpledged, or of diverting in favour of the new creditors the revenues which have already been pledged in security for former loans; and what course Her Majesty's Government proposed to take in order to protect the interests of the English bondholders of previous Turkish loans.

Your Excellency will see, from my despatch No. 263 of the 7th instant, that M. Catalani has recently put a question to much the same effect as that now raised by Count Tornielli; and my answer to M. Catalani's question will have indicated to your Excellency the mode in which alone it is possible to deal with a question of so general and hypothetical a character.

I am, &c.
(Signed) SALISBURY.

No. 83.

Mr. Malet to the Marquis of Salisbury.—(Received May 9.)

(No. 350.)
My Lord,

Pera, April 26, 1879.

WITH reference to your Lordship's despatches No. 135 of the 27th March, and No. 542 of the 17th instant, I have the honour to transmit herewith copy of a note which I addressed to Caratheodory Pasha on the 6th instant, calling his Excellency's attention to the necessity of the Ottoman Government fulfilling its engagements with reference to the 1855 Loan, and of a second note, dated yesterday, acknowledging the remittance to the Bank of a sum of 40,600*l.*

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure 1 in No. 83.

Mr. Malet to Caratheodory Pasha.

M. le Ministre,

Constantinople, April 6, 1879.

I HAVE the honour to inform your Excellency that a letter has been received by the Marquis of Salisbury from Her Majesty's Treasury relative to advances which have been made by the Bank of England on account of the Turkish Guaranteed Loan of 1855, and which have not been repaid to that establishment by the Turkish Government.

The total amount due for these advances, with interest and expenses, is 106,622*l.* 4*s.* 11*d.*, against which the Khedive is called upon to pay a sum of 81,604*l.* No payment has, however, as yet been received from His Highness.

Her Majesty's Government have thought it right, under the circumstances, to repay to the Bank of England out of the Consolidated Fund the money thus advanced, and they have applied to the French Government to remit to them one moiety of the sum thus paid in accordance with the engagements of the Convention of the 27th June, and the Declaration of the 27th July, 1855. I have been instructed by Her Majesty's Principal Secretary of State for Foreign Affairs to bring these circumstances to the knowledge of the Porte, and to call the serious attention of the Turkish Ministers to the necessity of making provision for meeting the engagements of the Ottoman Empire to the Governments of France and England.

I avail, &c.
(Signed) EDWARD B. MALET.

Inclosure 2 in No. 83.

Mr. Malet to Caratheodory Pasha.

M. le Ministre,

Constantinople, April 25, 1879.

WITH reference to the note which I had the honour to address to your Excellency on the 6th instant on the subject of the advances made by the Bank of England on account of the interest of the Turkish Loan of 1855, which have now been repaid by Her Majesty's Government, I have been instructed by Lord Salisbury to inform the Imperial Government that a remittance of 40,600*l.* has been received at the Bank on account of overdue instalments of Egyptian tribute applicable to the service of the said loan.

The outstanding balance is thus reduced from 106,622*l.* 4*s.* 11*d.* to 66,022*l.* 4*s.* 11*d.*

In bringing this payment to your Excellency's notice, I avail, &c.
(Signed) EDWARD B. MALET.

No. 84.

Mr. E. F. Harrison to the Marquis of Salisbury.—(Received May 9.)

(No. 10.)
My Lord,

Constantinople, April 29, 1879.

I HAVE the honour to report, for your Lordship's information, that section 4, "The Egyptian Tribute Loans," of the confidential paper relating to the Turkish debt in June, 1878, contains some considerable inaccuracies, giving ground for the belief that in the negotiations of the bondholders of the Loans of 1854 and 1871, which led to the arrangements of September 1877, the sum of 681,872*l.* 4*s.* 5*d.* was assumed to represent the full amount of the present tribute of Egypt, including the sum of 3,000 purses, or 13,701*l.* 15*s.* 2*d.*, added in 1875 on account of the port of Zeilah.

The sum in question does not, however, include the additional amount paid on account of Zeilah.

The total amount which the Khedive is bound to remit to England is correctly stated in sterling money, being as follows:—

	£	s.	d.
Loan of 1854	99,511	11	7
,, 1855	72,000	0	0
,, 1871	229,737	14	6
,, 1877	280,622	18	4
Total	681,872	4	6

This sum is thus arrived at:—

	£ T.		£	s.	d.
Amount of tribute fixed by Firman of the 27th May, 1866, 150,000 purses, or	750,000	00* =	685,087	18	5
Amount of certain local charges on the tribute	3,520	39	3,215	14	0
Remaining	746,479	61	681,872	4	6

I find, however, that in an account said to be drawn up in accordance with an Iradé of His Majesty the Sultan, and prepared for publication and communication to those interested in London and Paris, and which formed an inclosure of Sir H. Elliot's despatch No. 274 of the 11th March, 1876, the amount payable on account of Zeilah is put on precisely the same footing as the rest of the Egyptian tribute.

In the agreements made in September 1877 with the holders of the Loans of 1854 and 1871, the total amount of the tribute is not stated, nor is it mentioned in the Firman of the 13th October, 1877, but the latter document recites the amount, 280,622*l.* 18*s.* 4*d.*, as remaining available out of the tribute after providing for the amounts required under the agreements. The sum thus given shows that in October, 1877, the amount payable for Zeilah was not reckoned as part of the tribute of Egypt.

The reason for the change between March 1876 and October 1877 in the manner of dealing with the Zeilah money is to be found in the fact that in 1876 the Porte borrowed £T. 15,000 from the Société des Changes et Valeurs, at 20 per cent. interest per annum on an assignment of the amount to be paid by Egypt for the port of Zeilah.

I have, &c.
(Signed) EDWD. F. HARRISON.

No. 85.

Mr. E. F. Harrison to the Marquis of Salisbury.—(*Received May* 9.)

(No. 11.)
Constantinople, April 29, 1879.

My Lord,

I HAVE the honour to inclose, for your Lordship's information, a statement showing the amount remaining unpaid on account of sinking fund, interest, and commission on the Turkish Bonded Debt, brought down to the 12th March, 1879.

I have, &c.
(Signed) EDWD. F. HARRISON.

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* Exchange at 109⅛.

Inclosure in No. 85.

AMOUNT unpaid on account of Sinking Fund, Interest, and Commission due on the Turkish Bonded Debt, to the 12th March, 1879.

Year.	Sinking Fund.	Interest.	Commission.	Total.	L. T. at 109⅛.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
1858	402,100 0 0	677,131 10 0	6,803 7 6	1,176,034 17 6	
1862	1,199,750 0 0	830,293 0 0	12,000 0 0	2,002,043 0 0	
1872	5,610,100 0 0	1,685,592 0 0	..	7,295,692 0 0	
1873	1,011,160 0 0	4,822,189 10 0	29,166 13 0	5,862,516 3 0	
	8,313,110 0 0	8,065,206 6 0	47,970 0 6	16,426,286 6 6	17,982,676 95
	Fr. c.	Fr. c.	Fr. c.	Fr. c.	
1860	3,484,750 00	7,788,540 00	110,061 30	11,383,351 30	
1863	21,756,250 00	17,207,437 50	225,000 00	39,188,687 50	
1864	7,325,000 00	5,794,312 50	75,000 00	13,194,312 50	
1865	22,962,500 00	18,169,562 50	150,000 00	41,281,062 50	
1869	25,587,500 00	91,072,500 00	583,300 00	117,243,300 00	
	81,116,000 00	140,031,352 50	1,143,361 30	222,290,713 80	
Roumelia Railway Loans ..	13,920,000 00	70,779,900 00	..	84,699,900 00	
	95,036,000 00	210,811,252 50	1,143,361 30	306,990,613 80	At 86⅛. 13,304,205 72
					31,286,882 67
Dette Générale	..	£T. 13,957,660 47½	..	13,957,660 47½	15,013,414 14½
Garanties des chemins de fer d'Aidin, de Varna, et de Cassaba	..	1,085,753 67	..	1,085,753 67	
					46,330,296 81½
Emprunt forcé	..	..	..	..	79,284 91

No. 86.

Mr. E. F. Harrison to the Marquis of Salisbury.—(*Received May* 9.)

(No. 12.)
Constantinople, April 29, 1879.

My Lord,

I HAVE the honour to forward, for your Lordship's information, a copy of the Official Report of the Financial Reform Commission on the revenue estimates for the year 1879-80 (1295).

On the 28th February I sent an abstract of this estimate, with an explanation of the grounds on which the several estimates had been accepted in the discussions of the Commission.

The total in the Official Report is stated without including the amount of fixed revenue, Chapter V.

The only changes in the figures will be found in the amount of the Samos tribute, and in the head of miscellaneous duties.

In the course of preparing the Report it was found that an error had occurred in the figures which the Commission had considered under the latter head.

Under the heads of silk and tapou, in the Official Report, the receipts of previous years are given, as obtained direct from the Administrative Department.

In my despatch of the 28th February I gave the amounts reported by the Minister of Finance, which I am disposed to regard as the more accurate measure of the sums actually paid into the public Treasury.

I may mention that I have reason to doubt whether the whole of the tapou receipts are duly paid into the Treasury.

I have, &c.
(Signed) EDWD. F. HARRISON.

Inclosure in No. 86.

Report made by the Financial Commission to the Sublime Porte on the Revenue Estimates, dated April 5, 1879.

LA Commission des Réformes Financières, instituée par Iradé Impérial en date du $\frac{4}{16}$ Octobre, 1878 (3 Zilkadé 1295), a commencé ses travaux par l'examen du budget des recettes de l'Empire. Elle croit devoir en consigner ici le résultat, avant de procéder à l'étude du budget des dépenses. La Commission a pris pour base de ses évaluations les chiffres indiqués comme effectifs par la comptabilité du Ministère des Finances, pour s'assurer que ces chiffres étaient réellement effectifs et non de prévision, elle a demandé production des états de recettes des divers vilayets, dont le détail s'est trouvé répondre aux travaux d'ensemble soumis à son examen.

Dans ce rapport la Commission a dû naturellement faire abstraction de l'existence du papier-monnaie, dont la dépréciation incessante et sans limite eut enlevé à ses calculs tout caractère de certitude.

Chapitre I.—Contributions Directes.

Verghi.

Le budget de prévision soumis à notre examen pour l'année 1297 portait un total de 289,065,000 piastres. Nous avons demandé communication des recettes effectives des années 1290, 1291, et 1292. Elles se sont élevées :—

	Piastres.
Pour l'année 1290 à	303,770,300
" 1291 à	307,096,800
" 1292 à	267,651,500

Nous avons pris pour type l'année 1292, qui étant la plus faible paraît se rapprocher le plus de la vérité. En conséquence, et comme point de départ, nous admettons le chiffre de 267,651,500 piastres, qui représente les recettes effectives de l'année 1292.

	Piastres.	Piastres.
Nous avons dû en déduire les recettes afférentes aux territoires détachées de l'Empire, à savoir	..	267,651,500
Vilayet du Danube	23,057,861	
" de Bosnie	1,204,718	
Une partie du Vilayet d'Andrinople	21,462,012	
Chypre	2,676,065	
Quelques localités d'Albanie	137,714	
" de Trébizonde	131,729	
Kars et Tchildir	741,736	
		50,211,835
Il reste		217,439,665

chiffre que la Commission estime encore exagéré et qu'elle ramène à 210,000,000 piastres, ce qui fait ressortir une réduction de 79,065,000 piastres, par rapport aux prévisions de l'Administration.

Bedélati Askerié (Taxe d'Exonération du Service Militaire).

	Piastres.	Piastres.
Les prévisions officielles montent à	..	63,956,500
Les recettes effectives ayant été pour l'année 1290	..	73,877,000
" " 1291	..	75,053,400
" " 1292	..	73,939,700
Nous prenons comme base le chiffre de l'année 1292, savoir ..	..	73,939,700
Nous en déduisons pour les provinces détachées—		
Vilayet du Danube	22,100,000	
" d'Andrinople	7,800,000	
" de Bosnie	3,283,600	
" Herzégovine	146,700	
" Chypre	950,000	
Quelques localités d'Albanie	125,500	
" Trébizonde		
Kars et Tchildir		
		34,406,700
		39,533,000

	Piastres.
Il nous a paru prudent de réduire ce total à 34,000,000 piastres.	
Le Chapitre de Contributions Directes prévoit donc pour l'exercice en cours—	
Verghi	210,000,000
Bédel Askerié	34,000,000
Ensemble des recettes	244,000,000

Chapitre II.—Contributions Indirectes.

Dîmes.

L'Administration évalue par prévisions les rentrées à 554,462,500 piastres. Les recettes effectives ont été :—

	Piastres.
Pour 1290	666,205,299
1291	646,108,929
1292	437,467,100

Il nous a été expliqué que l'écart qui existe entre l'année 1292 et les deux précédentes provenait de ce qu'une partie des dîmes, au lieu d'être affermée ou vendue, avait été perçue en nature et distribuée aux troupes, sans qu'il en eût été passé encore écriture ni au Ministère des Finances ni au Seraskerait. Eu égard à cette observation, il a paru rationnel de ne pas faire entrer cette année dans nos calculs, et de prendre la moyenne des cinq années précédentes.

	Piastres.
1287	645,635,055
1288	616,029,523
1289	658,372,584
1290	666,205,299
1291	646,108,929
	3,230,351,390

	Piastres.	Piastres.
La moyenne du rapport des dîmes dans ces cinq années ressort donc à		646,070,260
Nous déduisons de ce chiffre la moyenne des dîmes des provinces détachées qui s'élève dans la même période à 176,116,077 pcs.		
Ainsi réparti—		
Vilayet du Danube	34,962,720	
" de Bosnie	28,078,493	
" d'Herzégovine	7,178,599	
" de Chypre	52,815,751	
" d'Andrinople (deux tiers)	184,206	
Une partie de Scutari (Albanie)	284,130	
Batoum	1,712,478	
Kars-Tchildir		170,116,077
Il en résulte une moyenne nette de		469,953,583

Par précaution nous réduisons encore ce chiffre de 19,953,523 piastres, et nous fixons nos prévisions à 450,000,000 piastres, qui présentent sur celles de l'Administration une différence en moins de 104,462,500 piastres.

Taxe sur les Moutons.

Les prévisions officielles sont de 155,780,000 piastres.
Les recettes effectives ayant été—

	Piastres.
En 1290	200,834,163
1291	177,860,090
1292	169,107,272

deux des membres de la Commission proposaient comme base l'année 1292, comme étant la plus faible.

Déduisant pour les provinces détachées 51,682,800 piastres, on serait arrivé ainsi à un chiffre de 117,424,472 piastres, que les mêmes membres croyaient devoir arrondir en arrêtant le montant prévu à 110,000,000 piastres.

Mais la majorité de la Commission a repoussé cette base d'évaluation. De même que pour les dîmes elle a préféré prendre la moyenne quinquennale de 1287 à 1291 et laissé de côté l'année 1292, qu'elle jugeait trop faible à cause de l'épizootie qui a sévi dans le courant de cette année.

Les recettes s'étant élevées—

	Piastres.	Piastres.
En 1287	..	199,383,171
1288	..	211,004,644
1289	..	212,856,351
1290	..	200,834,162
1291	..	177,806,996
		1,002,646,327
Soit une moyenne de		200,509,065

Il en était déduit le rendement moyenne des provinces détachées pendant ces mêmes cinq années, soit—

Vilayet du Danube	29,568,570	
„ de Bosnie et Herzégovine	3,963,406	
„ d'Andrinople (deux tiers)	16,600,693	
„ Scutarie, Albanie (un tiers)	..	
Une partie de Trébizonde	38,514	
Chypre	947,364	
Kars et Tchildir	2,036,265	
		52,154,812
		148,354,253

La majorité a proposé le chiffre de 140,000,000 piastres, qui a été adopté et qui présente une différence en moins sur les chiffres officiels de 15,780,000 piastres.

MM. Tricou et Mercet ont cru devoir, néanmoins, faire des réserves sur le chiffre adopté, qui leur semble entaché d'exagération.

Taxe sur les Porcs.

Les prévisions officielles sont de 1,179,000 piastres.
Les recettes effectives ont été—

	Piastres.	Piastres.
En 1290	..	3,273,600
1291	..	2,687,400
1292	..	2,206,400
La Commission prend pour base les recettes de l'année 1292, qui s'élèvent à	..	2,206,400
Elle en déduit—		
Pour le Vilayet du Danube	1,078,400	
„ de Bosnie	218,300	
„ d'Herzégovine		
„ d'Andrinople	174,000	
		1,465,700
		740,700

La Commission fixe le chiffre de cette taxe de 740,700 piastres à 700,000 piastres, qui offre sur les données de l'Administration un écart en moins de 479,000 piastres.

Douanes.

Les prévisions officielles indiquent un total de 200,870,500 piastres—
Les recettes effectives ont été pour les années—

	Piastres.
1288	223,240,300
1289	217,603,800
1290	192,971,300
1291	179,594,600
1292	158,504,700
	971,914,700

La moyenne de ces cinq années ressort donc à 194,382,940 piastres.

	Piastres.	Piastres.
Mais la Commission préfère, par prudence, s'arrêter aux années 1291 et 1292, dont le total est de	..	338,099,300
Déduisant la portion des territoires détachées pendant ces deux années—		
Vilayet du Danube	19,165,982	
„ de Bosnie et Herzégovine	3,993,106	
„ de Chypre	..	
„ d'Andrinople (deux tiers)	1,829,099	
„ Scutari, Albanie (un tiers)	1,472,625	
„ Batoum	4,049,290	
„ Kars et Tchildir		
		30,500,000
		307,599,300

Ce qui donne une moyenne de 153,799,650 piastres.

La Commission adopte à la majorité des voix le chiffre de 160,000,000 piastres, qui présente sur les prévisions officielles une diminution de 40,870,500 piastres.

Tabacs.

Les prévisions officielles s'élèvent à 169,291,000 piastres.
Les recettes effectives ont été—

	Piastres.	Piastres.
En 1290	..	72,909,806
1291	..	106,193,006
1292	67,510,100	69,926,600
„ "Beyé"	2,416,500	
1293	85,529,719	87,633,951
„ "Beyé"	2,104,232	
La Commission se basant sur le chiffre de 1293, qui est le plus récent, et qui se rapporte à une exploitation analogue à celle actuellement en vigueur, le choisit comme point de départ de ses prévisions de ce chiffre de	..	85,529,719
Elle déduit pour les provinces détachées—		
Vilayet du Danube	8,234,059	
„ de Bosnie	1,134,425	
„ de Chypre	..	
„ d'Andrinople (un tiers)	1,193,469	
„ de Scutari (un tiers)	56,046	
„ d'Albanie		
„ de Batoum	436,001	
Kars et Tchildir		
		14,054,000
		74,475,719
Il a été proposé d'adopter le chiffre de		70,000,000
Plus pour droit de permis ("beyé")		2,000,000
Il y a lieu d'ajouter encore la surtaxe de 50 pour cent qui a été établie depuis 1294, et qui peut s'élever à		35,000,000
		107,000,000

Par prudence, le chiffre d'évaluation a été réduit au chiffre de 100,000,000 piastres, qui, adopté à l'unanimité, accuse une différence de 60,291,000 piastres sur les prévisions de l'Administration.

Soies.

L'Administration évalue cette branche des recettes à 7,334,000 piastres.
Les recettes effectives ont été—

	Piastres.
En 1291	3,486,900
1292	3,342,500
1293	3,681,100
	10,510,500

ce qui représente une moyenne annuelle de 3,503,500 piastres.

Rien n'est à déduire pour les provinces détachées qui n'interviennent que pour une part insignifiante si non nulle, dans les perceptions ci-dessus.

Le chiffre de 3,500,000 piastres est adopté à l'unanimité. Différence sur les prévisions officielles 3,834,000 piastres.

Spiritueux.

Les prévisions officielles sont de 23,785,000 piastres.
Les recettes effectives ont été—

	Piastres.	Piastres.
En 1291		13,999,100
1292		17,869,500
1293		16,681,000

La Commission trouve que les recettes des provinces détachées (vilayet du Danube, vilayet du Bosnie et Herzégovine, Chypre, deux tiers du vilayet d'Andrinople, un tiers du vilayet de Scutari (Albanie), Batoum, Kars, et Tchildir), ont été—

	Piastres.	Piastres.
En 1291		4,427,700
1292		8,281,500
1293		3,484,000

La déduction de ces sommes laisse donc pour—

1291		9,471,400
1292		9,588,000
1293		13,197,000

En tenant compte de la surtaxe de 4,000,000 à 5,000,000 piastres, le total des perceptions dans la dernière année monterait à environ 18,000,000 piastres.

Les recettes de 1294 du 1er Février, 1293, à fin Janvier, 1294, ont été de 19,129,000 piastres, y compris la surtaxe qui est appliquée depuis 1294.

De cette somme il n'y aurait aucune déduction à faire pour les provinces détachées, dont les revenues n'y figurent point, les employés du fisc étant partis après l'occupation.

La Commission adopte, comme prévision, 18,000,000 piastres, à l'unanimité des voix, moins celle d'un membre, qui voudrait réduire ce chiffre à 15,000,000 piastres, surtaxe comprise.

Différence sur les prévisions officielles 5,785,000 piastres.

Tapou.

Les prévisions officielles montent à 42,138,000 piastres.
Les recettes effectives ont été—

	Piastres.	Piastres.
En 1288		42,502,484
1289		70,590,135
1290		30,141,323
1291		26,721,574
1292		19,292,013
L'année 1289 ayant été exceptionnellement avantageuse, la Commission laisse de côté cette année dans ses calculs, et elle totalise les quatre années pour la somme de 124,654,344 prs. équivalent à une moyenne de		31,166,086
Dont il faut déduire le produit moyen des provinces détachées pendant les mêmes quatre années, soit—		
Vilayet du Danube	4,700,338	
" de Bosnie	1,305,275	
" d'Herzégovine		
" d'Andrinople (un tiers)	977,560	
" de Scutari, Albanie (un tiers)		
Partie du Vilayet de Trébizonde	1,000,727	
Batoum		
Chypre		
Kars et Tchildir		8,103,900
Net		23,062,186

La Commission s'arrête au chiffre de 20,000,000 piastres.
Ce chiffre est de 22,138,000 piastres inférieur aux prévisions officielles.

Timbre.

Les prévisions officielles sont de 15,627,000 piastres.
Les recettes effectives ont été—

	Piastres.
En 1291	17,002,300
1292	14,822,000
1293	12,972,372

Les recettes de cette dernière année ayant été atteintes par le fait de la guerre.

	Piastres.	Piastres.
La Commission adopte pour base le chiffre de 1292, de		14,822,000
Elle déduit pour les provinces détachées—		
Vilayet du Danube	5,159	
" de Bosnie	321,003	
" d'Herzégovine		
" d'Andrinople (deux tiers)	14,146	
" Scutari, d'Albanie (un tiers)		
Chypre	790	
Batoum (un dixième)	45,186	
Kars et Tchildir (un demi)	908	
		385,199
		14,436,851

La Commission s'arrête, en conséquence, au chiffre de 14,000,000 piastres, qui offre sur les prévisions administratives une différence de 1,627,000 piastres.

Toutefois, MM. Tricou et Mercet ont cru devoir faire certaines réserves sur ce chiffre, qui leur paraît exagéré.

Contrats (de location).

Les prévisions du Gouvernement sont de 340,000 piastres.

Cette rentrée tend de plus en plus à disparaître, le produit en étant réservé aux Municipalités pour les frais des villes.

La Commission déduit par précaution 90,000 piastres, et évalue le rendement possible à 250,000 piastres.

Taxes Judiciaires.

Ce sont les frais de sentences et le droit de perception à l'exécution.
Les prévisions officielles sont de 8,886,000 piastres.
Les recettes effectives ont été—

	Piastres.	Piastres.
En 1287		13,420,499
1288		15,422,758
1289		15,625,699
1290		15,304,566
1291		13,411,222
		73,193,743
Soit une moyenne de		14,638,748
Déduisant de ce montant la moyenne des rentrées des provinces détachées pendant ces mêmes cinq années—		
Vilayet du Danube	1,347,956	
" Bosnie et Herzégovine	567,646	
" d'Andrinople (deux tiers)	688,828	
Chypre	141,860	
Batoum	8,728	
Kars et Tchildir	46,118	
		2,800,120
		11,838,622

La Commission admet les prévisions de l'Administration et les porte en chiffres ronds à 8,800,000 piastres.

Droits Divers.

Sur les bestiaux, pesage, mesurage, pêcheries sangsues, éponges, laiteries, écume de mer, &c.

Les prévisions officielles sont de 35,607,403 piastres, suivant détail plus loin.

Les recettes effectives ont été—

	Piastres.	Piastres.
En 1287		46,887,061
1288		44,369,153
1289		46,925,256
1290		50,736,815
1291		48,593,050
		237,512,535
Ce qui représente une moyenne de		47,502,507
Pendant ces mêmes cinq années la recette moyenne des prévisions détachées a été—		
Pour le Vilayet du Danube	3,467,029	
„ de Bosnie et Herzégovine	879,163	
„ d'Andrinople (deux tiers)	1,630,457	
„ Scutari, d'Albanie (un tiers)	3,266	
Partie de Trébizonde (Batoum)	12,482	
Chypre	332,525	
Kars et Tchildir	260,539	
		6,485,460
Net		41,017,047

La Commission adopte le chiffre de prévision de l'Administration qui est inférieur à cette moyenne et s'arrête à 35,000,000 piastres.

Détail des Droits Divers.

	Piastres.		Piastres.
Droit de pêche	15,639,253	Talimis kané (monopole de café) ..	39,347
Yailak, kichlak, otlak	982,019	Droits sur les chercheurs de vieilles ferailles	10,025
Prairies et foins	756,030	Droits d'entrée	7,807,410
Marais	72,282	Droits de perle et de nacre ..	75,341
Rizières	22,300	Droit sur les pèlerins de la Mecque .	626,275
Moulin	355,782	Ponts	807,831
Eponge	895,236	Droits divers, à savoir : droits sur les boutiques, timbres, droits de teinturerie, &c.	4,139,805
Echailles	23,660		
Bois de construction	325,048		
Octroi	2,363,547		
Argent et or	203,737		
Caïques	276,125		
Foires	132,450		35,007,403

Le Chapitre II des Contributions Indirectes prévoit donc pour :—

	Piastres.		Piastres.
Dîmes	450,000,000	Tapou	20,000,000
Moutons	140,000,000	Timbres	14,000,000
Porcs	700,000	Contrats	250,000
Dommes	160,000,000	Taxes judiciaires	3,800,000
Tabacs	100,000,000	Droits divers	35,000,000
Soies	3,500,000		
Spiritueux	18,000,000		960,250,000

Chapitre III.—Revenus Divers.

Salines.

Les prévisions officielles sont de 85,676,500 piastres.
Les recettes effectives ont été—

	Piastres.
En 1291	73,872,300
1292	78,265,600
1293	91,290,700

Celles des provinces détachées peuvent être évaluées à 8,700,000 piastres. La Commission hésite entre le chiffre de 80,000,000 piastres et celui de 70,000,000 piastres. Elle adopte en dernière analyse, et, par prudence, celui de 70,000,000 piastres, qui présente sur la prévision administrative une administration de 15,676,500 piastres.

Domaines de l'Etat.

La prévision officielle et de 1,050,000 piastres.

Mais le Commission trouve en l'examinant qu'elle se rapporte seulement à la vente possible de quelques propriétés, et que les produits des domaines en général de

ceux donnés en location et de ceux régis directement par le Gouvernement sont compris dans la section "Produits Divers." La Commission est d'avis de les retirer de ce Chapitre, et de réunir tous ces produits sous la rubrique : "Domaines de l'Etat."

	Piastres.
Le Gouvernement signale à la Commission que les produits des domaines régis s'élèvent à	3,900,000
et ceux des domaines en location à	3,600,000
Total	7,500,000

La Commission accepte ce chiffre qu'il lui est difficile de contrôler, et l'augmente en outre de 1,000,000 piastres, pour la vente possible des domaines en 1295.

L'ensemble s'élève donc à 8,500,000 piastres, et présente sur les prévisions officielles une augmentation de 7,450,000 piastres.

Forêts.

	Piastres.
Le Budget de l'Administration des Forêts prévoit un revenu total de . ..	30,216,600
qui, déduction faite des dîmes de vallonés et d'autres déjà comprises dans le Chapitre des Dîmes	9,216,600
se réduisait à	21,000,000

La Commission propose le chiffre de 11,200,000 piastres, perçus en l'année 1286, alors que le personnel forestier était au complet. L'Administration veut réorganiser la surveillance et le personnel, et on peut attendre de ces améliorations une plus-value considérable. Cependant, deux membres sont d'avis de ne se baser que sur les recettes effectives obtenues en 1292, qui étaient de 5,184,137 piastres, bien que de ce chiffre il y ait à rabattre pour les provinces détachées—

	Piastres.
Vilayet du Danube	374,183
„ de Bosnie et Herzégovine	115,712
„ d'Andrinople (deux tiers)	584,488
„ de Scutari, Albanie (un tiers)	103
Partie du Vilayet de Trébizonde (Batoum)	68,397
Chypre	20,701
Kars et Tchildir	136,111
	1,300,000

La Commission tenant compte des espérances de plus-value formulées plus haut, décide à la majorité des voix de s'arrêter au chiffre moyen de 8,000,000 piastres, qui est de 22,216,600 piastres au-dessous des prévisions de l'Administration des Forêts.

Recettes de la Marine.

Les prévisions officielles sont de 9,590,550 piastres.
Les recettes effectives ont été—

	Piastres.
En 1287	12,655,252
1288	12,707,988
1289	13,092,537
1290	12,750,054
1291	13,343,824
	64,549,655

somme qui fait ressortir une moyenne de 12,909,931 piastres. Comme ce chiffre est de beaucoup supérieur aux prévisions du Gouvernement, la Commission adopte ces dernières et admet comme évaluation 9,500,000 piastres.

Les revenus de la Marine se décomposent comme suit—

	Piastres.
Revenus cédés à forfaits	444,823
Produit des ponts	3,514,915
Produit des phares	2,060,463
Droit des ports	3,421,359
Revenus divers	150,000
Total	9,590,550

Ministère du Commerce.

Les prévisions officielles sont de 200,000 piastres.
La Commission adopte ce chiffre sans discussion.
Voici le détail des recettes, tel que nous le relevons des états Ministériels.

	Piastres.
Taxes et droits de changeurs de monnaie	200,500
Droit de mutation des actions du Chirket Hairié	4,300
	204,800

Droits Sanitaires.

Le Gouvernement prévoit une récette de 5,135,000 piastres.
Les recettes effectives ont été—

	Piastres.
En 1290	5,295,881
1291	5,402,893
1292	5,441,700

La Commission adopte les prévisions du Gouvernement de 5,135,000 piastres.
Il a été expliqué à la Commission que l'Administration Sanitaire est internationale, et que ces recettes se balancent toujours par ses débours, l'excédant éventuel des recettes sur les dépenses étant toujours appliqué à la Caisse des Retraites. Si au contraire il y a déficit, la différence retombe à la charge du Malieh.

Mines.

Les prévisions officielles sont de 6,500,000 piastres.
La Commission ayant trouvé ce chiffre excessivement bas, il a été reconnu qu'on l'avait relevé sur des informations incomplètes fournies par les vilayets.
Un travail nouveau a amené l'Administration des Mines à évaluer à 27,274,000 piastres les recettes possibles de 1295. Mais la Commission, se basant sur les résultats connus de l'année 1294, s'arrête au chiffre de 18,000,000 piastres.

Telégraphes et Postes.

Les prévisions officielles sont de 30,029,500 piastres.
La déduction à faire pour les provinces détachées ramènerait ce montant à 26,457,800 piastres.
Mais la Commission, se basant sur l'année 1292, qui a donné 24,634,700 piastres, et tenant compte de la stagnation des affaires, évalue ces revenus—

	Piastres.
Pour les postes	6,300,000
„ télégraphes	15,700,000
Ensemble	22,000,000

ce qui fait une diminution de 8,029,500 piastres sur les prévisions officielles.

Police.

Le Gouvernement prévoit un montant de recettes de 125,000 piastres.
Ce chiffre est admis sans discussion.
Pour plus ample information, nous joignons le détail des revenus qui le composent, en portant en regard du chiffre prévu la recette effectuée dans l'exercice précédente.

	Année 1294.	Année 1295.
	Piastres.	Piastres.
Amendes	63,500	53,360
Loyers perçus sur les restaurateurs et les cordonniers de l'Hôtel du Ministère de la Police	55,900	43,580
Loyer du cabinet de lecture à Meydan, appartenant au Ministère de la Police	20,000	25,000
Loyers des boutiques appartenant au même Ministère ..	3,800	2,500
	143,300	124,440

Produits Divers.

Ces produits sont ceux des amendes, des intérêts sur les dîmes arriérées, des successions vacantes, des droits de cadastre, des retenues d'appointements, &c. Les prévisions officielles sont de 24,302,500 piastres. Mais de ce chiffre il convient de rabattre 7,500,000 piastres, que la Commission a retirée de ce Chapitre pour les ajouter à celui des domaines de l'Etat, comme produits des domaines donnés en location ou exploités par l'Administration. Les prévisions seraient donc ramenées à 16,802,500 piastres. La Commission admet la prévision de 16,000,000 piastres, tout en observant que dans cette somme sont comprises 8,000,000 piastres pour profits sur agio de monnaies et 788,400 pour successions vacantes, évaluations qui reposent sur des données très-éventuelles.

Le Chapitre III des Revenus Divers accuse donc les prévisions suivantes :—

	Piastres.		Piastres.
Saline	70,000,000	Postes	6,300,000
Domaines de l'Etat	8,500,000	Télégraphes	15,700,000
Forêts	8,000,000	Police	125,000
Recettes de la Marine	9,500,000	Produits divers	16,000,000
Ministère du Commerce	200,000		157,000,000
Droits Sanitaires	5,135,000		
Mines	18,000,000		

CHAPITRE IV.—REVENUS À PERCEVOIR DE LA ROUMÉLIE ORIENTALE.

CHAPITRE V.—REVENUS FIXES.

Ces prévisions ne soulèvent aucune discussion :

	Piastres.
Tribut d'Egypte	76,500,000
„ de Samos	300,000
„ Mont Athos	72,000
„ Bulgarie	Mémoire.
Excédant des revenus de Chypre	Mémoire.

RÉCAPITULATION.

	Prévisions du Gouvernement.	Prévisions de la Commission.
	Piastres.	Piastres.
Chapitre I. Contributions Directes . ..	353,021,500	244,000,000
„ II. „ Indirectes ..	1,215,309,403	950,250,000
„ III. Revenus Divers	186,320,650	157,460,000
Plus les Tributs.	1,753,656,553	1,351,710,000

Différence dans les prévisions, 401,946,553 piastres.

La Commission est convaincue que ces revenus bien administrés pourraient rendre une somme de beaucoup supérieure aux prévisions qu'elle inscrit aujourd'hui au budget des recettes.

Constantinople, le 5 Avril, 1873.

(Signé) ONORIS TCHAMITCH.
E. F. HARRISON.
TRICOU.
M. H. FOSTER.
E. MERCET.

Les autres quatre membres de la Commission ont signé sur le texte Turc.

Annexe (A).

Dîmes. Territoires détachés.

Noms des Provinces.	1287.	1288.	1289.	1290.	1291.	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Danube	52,060,986	85,848,652	95,360,897	99,965,818	91,577,249	424,813,604
Bosnie et Herzégovine	23,491,850	32,390,025	32,220,499	37,303,402	17,485,813	144,892,469
Chypre	5,789,134	7,909,502	2,123,209	10,865,052	9,305,935	35,892,999
D'Andrinople (deux tiers)	32,152,436	45,939,670	62,467,151	52,503,926	51,015,518	204,078,751
						869,677,826
Moyenne des cinq années	..	..	..	..	..	173,935,565
Une partie de Scutari d'Albanie ..	..	..	..	..	..	284,206
Batoum	..	..	..	..	..	284,430
Kars et Tehildir	..	..	..	..	..	1,712,470
						176,116,679

NOTA.—La Commission considérant la difficulté de trouver séparément les chiffres des revenus annuels afférant à chacune de ces localités qui faisaient partie de divers anciens districts, s'est basée seulement sur les données du Bureau des Revenus pour l'année 1292. Ce Bureau à son tour, a fourni ces chiffres d'après les rapports qui lui sont parvenus des provinces.

Annexe (B).

Taxe sur les Moutons. Territoires détachés.

Noms des Provinces.	1287.	1288.	1289.	1290.	1291.	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Vilayet du Danube	27,697,322	27,142,139	26,931,372	34,031,925	32,127,092	147,842,850
Bosnie et Herzégovine	4,057,814	3,588,992	3,844,430	4,333,123	3,892,374	19,817,033
Chypre	500,000	1,079,605	1,175,726	1,010,850	970,642	4,736,823
D'Andrinople (deux tiers)	15,497,854*	15,206,124*	15,606,721†	17,187,920	14,004,846*	76,003,467†
						250,400,173†
Moyenne des cinq années pour les localités ci-dessus mentionnées	..	..	..	..	..	50,080,034
Batoum	..	..	..	..	..	38,514
Kars et Tehildir	..	..	..	..	..	2,036,264
Scutari d'Albanie.						
						52,154,812

* Deux tiers. † Un tiers.

Annexe (C).

Douanes. Territoires détachés.

Noms des Provinces.	1291.	1292.	Total.
	Piastres.	Piastres.	Piastres.
Vilayet du Danube	10,010,864	9,156,018	19,165,882
Bosnie et Herzégovine	2,201,733	1,781,373	3,983,106
D'Andrinople (un tiers)	1,021,202*	808,097†	1,829,299
De Scutari d'Albanie (un tiers)	731,567	741,056	1,472,623
Batoum	..	..	4,049,090
Kars et Tehildir			
			30,500,000
Moyenne	..	..	15,250,000

* Un tiers. † Deux tiers.

Annexe (D).

Tapou. Territoires détachés.

Noms des Provinces.	1288.	1290.	1291.	1292.	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Vilayet du Danube	6,195,992	6,162,306	4,340,448	2,102,448	18,801,354
Bosnie et Herzégovine	1,798,294	2,430,161	835,833	396,814	5,461,102
D'Andrinople (un tiers)	1,403,303	697,053	929,675	821,011	3,910,242
					28,172,698
Moyenne des quatre années pour les localités ci-dessus mentionnées	..	..	..	..	7,043,174
Moyenne approximative pour Chypre, Scutari d'Albanie, Batoum, Kars, et Tehildir	..	..	..	..	1,060,726
					8,103,900

Annexe (E).

Taxes Judiciaires. Territoires détachés.

Noms des Provinces.	1287.	1288.	1289.	1290.	1291.	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Vilayet du Danube	1,394,367	1,307,946	1,406,871	1,516,819	1,114,077	6,739,780
Bosnie et Herzégovine	540,091	579,198	639,763	635,075	443,800	2,838,230
Chypre	119,637	100,078	135,891	156,129	109,512	709,250
D'Andrinople (deux tiers)	611,632	722,018	739,163*	691,333†	679,400	3,444,142
						13,731,402
Moyenne des cinq années	..	..	..	..	..	2,746,280
Batoum	..	..	..	..	..	5,728
Kars et Tehildir	..	..	..	..	..	45,118
Scutari d'Albanie.						
						2,800,126

* Un tiers. † Deux tiers.

Annexe (F).

Droits Divers. Territoires détachés.

Noms des Provinces.	1287.	1288.	1289.	1290.	1291.	Total.
	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.	Piastres.
Vilayet du Danube	3,205,779	3,203,666	2,901,697	4,201,117	3,755,886	17,335,145
Bosnie et Herzégovine	680,099	769,746	1,035,771	1,115,723	774,169	4,396,818
D'Andrinople (deux tiers)	1,122,232	1,635,367	1,428,365	2,041,554	1,424,771	7,652,289
Chypre	239,021	322,047	285,367	304,734	451,453	1,602,627
						31,045,879
Moyenne des cinq années	..	..	..	..	..	6,209,175
Scutari d'Albanie	..	..	..	..	..	3,265
Batoum	..	..	..	..	..	12,481
Kars et Tehildir	..	..	..	..	..	260,539
						6,485,460

No. 87.

The Marquis of Salisbury to M. de Kergorlay.

Foreign Office, May 9, 1879.

M. le Ministre,

I HAVE the honour to acknowledge the receipt of your note of the 28th ultimo, in which you were good enough to inform me of the steps which have been taken by the French Government for paying to the Bank of England the moiety of interest on the Ottoman Loan of 1855, guaranteed conjointly by France and England.

I take this opportunity of requesting you to convey to your Government the acknowledgments of Her Majesty's Government for the settlement in question.

I am, &c.

(Signed) SALISBURY.

No. 88.

Lord Lyons to the Marquis of Salisbury.—(*Received May* 10.)

(No. 507. Confidential.)

Paris, May 8, 1879.

My Lord,

M. WADDINGTON told me this afternoon that he had received the Report of the Department of Finance on the scheme of the Ottoman Bank for raising a new loan for the Porte.

His Excellency went on to say that he must communicate with bankers and others before he gave me a positive answer to the question whether the French Government would appoint Commissioners.

In the meantime he would mention to me confidentially that the Report of the Finance Department was not favourable to the scheme as it stood. The principal objection was, he said, that the arrangements proposed by it took into account some only of the old loans, and did not apply to all the loans contracted by the Porte before the war.

M. Waddington was of opinion that it would be impossible to raise money in Paris for the Porte unless arrangements satisfactory to the holders of all descriptions of Turkish stock were included in the scheme.

He added that he should be unwilling to throw over altogether the proposals of the Ottoman Bank, as undoubtedly the necessities of the Porte were very great.

I have, &c.

(Signed) LYONS.

No. 89.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 661.)

Foreign Office, May 10, 1879.

Sir,

I HAVE received your Excellency's telegram No. 411 of the 8th instant, reporting a suggestion made to you by the Grand Vizier with regard to the scheme of the Ottoman Bank for the issue of a new Turkish loan.

In view of the difficulty of inducing the French Government to nominate Commissioners to take part in the administration of the customs and indirect revenues which are to be pledged as security for the loan, his Highness would be ready to name an Englishman selected by the Porte to undertake the duty solely, and would pledge the Porte, by an exchange of notes or some other method, not to remove the person so appointed without the previous consent of the Governments of France and England.

I have stated to you, in reply, that I am informed, on behalf of the English holders of the Loans of 1852 and 1862, that they object to the manner in which the revenues pledged to those loans would be dealt with under the scheme of the Ottoman Bank. I have hitherto been unable to obtain from the French Government any answer on the subject of the scheme, except one which indicates that similar objections will be raised on behalf of the holders of other loans affected.

I am, &c.

(Signed) SALISBURY.

[Should follow at the foot of page 75.]

No. 86*.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received May* 8.)

(No. 411.)

(Telegraphic.)

Therapia, May 8, 1879, 7·15 P.M.

GRAND VIZIER says that, in view of the apparent difficulty of getting the French Government to name Commissioners to administer the customs and indirect revenues under the scheme of the Ottoman Bank, he would be ready to name an Englishman for that duty whom the Porte would select. He did not mention whom the person would be, but it might be Mr. Foster, of the Ottoman Bank. His Highness would then, by an exchange of notes or by some other means, pledge the Porte to the English and French Governments not to remove the person so appointed without previous agreement with them. His Highness desires to know whether such an arrangement would be acceptable to Her Majesty's Government and the Bank. He says that the matter is very urgent, as the financial difficulties of the Porte are daily increasing. It appears to me that the proposed arrangement has many advantages over the appointment of joint Commissioners by the two Governments if it can be carried out, and proper guarantees be obtained that the person named is competent for the duty, is irremovable, and has the necessary powers.

No. 90.

Lord Lyons to the Marquis of Salisbury.—(*Received May* 14.)

(No. 521.)
My Lord, *Paris, May* 12, 1879.

M. WADDINGTON told me this afternoon that, in communication with the Minister of Finance, he had very carefully examined the scheme proposed by the Ottoman Bank for raising a new loan for Turkey, and that he was now ready to answer the inquiry whether the French Government would appoint Commissioners under that scheme if Her Majesty's Government did.

He went on to say that it was impossible for the French Government to sanction the scheme as it stood, because, while it provided for certain loans to which the customs revenues were specially pledged, it did not treat the great mass of the Ottoman debt in an equally favourable manner.

He added, however, that the French Government was quite willing to appoint Commissioners, if all the loans contracted by the Porte before the war with Russia were placed on an equal footing.

M. Waddington proceeded to ask me to call your Lordship's attention to the declaration, recorded in the 18th Protocol of the Congress of Berlin, which had been made by Count Corti in the name of Great Britain, France, and Italy, and acceded to by Austria, Germany, and Russia.

He thought that, in face of this declaration, France and England could not pass by the claims of the holders of the greater part of the Ottoman Loan. The declaration, he observed, applied to all the loans, taken as one whole. It might be inconvenient to establish the Commission of all the Powers contemplated by it, but it would be difficult to refuse to do so if it were demanded.

As regarded the Commission, for the purposes specified in the scheme of the Ottoman Bank, M. Waddington thought that, if appointed, it ought to consist of an Italian Commissioner in addition to the two French and two English Commissioners.

I have, &c.
(Signed) LYONS.

No. 91.

M. Catalani to the Marquis of Salisbury.—(*Received May* 17.)

My Lord, 35, *Queen's Gate, S.W., le* 14 *Mai*, 1879.

JE m'empresse d'accuser réception à votre Excellence de sa lettre en date du 7 courant, par laquelle, en se référant à ma communication verbale, savoir : si, dans le cas où la Sublime Porte contractait un nouvel emprunt, le Gouvernement Britannique aurait l'intention de faire des démarches à Constantinople pour empêcher l'aliénation des garanties données aux créanciers actuels, votre Excellence m'a fait l'honneur de m'informer que le Gouvernement de Sa Majesté la Reine n'intervient pas ordinairement à l'appui des réclamations de créanciers des Etats étrangers, si ce n'est dans le cas de mauvaise foi évidente ; et que le Gouvernement de Sa Majesté la Reine n'avait pas lieu de croire qu'un cas semblable pourrait surgir à l'égard des emprunts dont il avait été question.

J'ai l'honneur d'offrir à votre Excellence tous mes remercîments pour cette communication que je n'ai pas manqué de porter à la connaissance de mon Gouvernement, et je saisis, &c.

(Signé) T. CATALANI.

No. 92.

Lord Lyons to the Marquis of Salisbury.—(*Received May* 22.)

(No. 553.)
My Lord, *Paris, May* 21, 1879.

I ASKED M. Waddington this afternoon whether anything further had occurred respecting the scheme of the Ottoman Bank for raising a loan for Turkey, since he had spoken to me on the subject on the 12th instant.

M. Waddington said that he was not aware of anything fresh having occurred, and I then inquired whether there was any foundation for the statements in the newspapers that a different scheme was to be presented to the Porte, under the auspices of the French Embassy at Constantinople.

He said that he had no knowledge of anything of the kind.

M. Waddington mentioned, in the course of conversation, that M. Fournier, who is now at Paris, would set out on his return to his post at Constantinople in about a week's time.

I have, &c.
(Signed) LYONS.

No. 93.

The Marquis of Salisbury to Sir A. Paget.

(No. 319.)
Foreign Office, June 7, 1879.

Sir,

DURING the conversation which I had with the Italian Ambassador on the 5th instant, referred to in my two previous despatches, his Excellency asked me whether it was true that a scheme was on foot for placing the indirect revenues of Turkey under a Commission of Control, of which the English and French Governments were to nominate members.

I said that no such proposal had as yet been made by Turkey to Her Majesty's Government, nor had I any reason for believing that such an application was at present likely.

Conversations had taken place between the manager of the Ottoman Bank and myself relative to the various modes in which it might be possible to give some security to capitalists who should advance money to the Turkish Government, but these communications had not issued in any definite plan of action. He pressed me to give him the assurance, which he said had already been given by M. Waddington, that if such Commission of Control were appointed, an Italian should have a seat upon it.

I said that until I knew the nature of the proposal, it was impossible for me to give any promises upon the matter. I ventured, however, to point out to him that any plan for giving financial assistance either to Turkey or to Egypt must utterly break down if a necessary condition of it was that the revenue of those Powers should be managed by the Representatives of three independent States.

Management by an International Commission was an impossibility. It was hard enough to secure that two should pull altogether; it would be impossible to secure unanimity among three.

I only, however, made these observations as a matter of general principle. Of the particular Commission to which he referred, I had received no intimation either from the Porte or from France, and if I spoke of the inclinations of the English Government, I should say that, so far from desiring to press for a position upon this International Commission, we should rather be disposed to give over the position he coveted to be enjoyed by Italy and France alone.

Count Menabrea pressed me a good deal for the conditional promise which I have mentioned, but I declined, it on the ground that it was not possible for Her Majesty's Government to give a contingent promise in such a matter.

I am, &c.
(Signed) SALISBURY.

No. 94.

Lord Lyons to the Marquis of Salisbury.—(Received June 26.)

(No. 671. Confidential.)
Paris, June 25, 1879.

My Lord,

M. WADDINGTON told me this afternoon that he had been in communication with eminent bankers on the subject of a scheme for coming to the relief of the Ottoman finances.

He said that he hoped in a few days to be able to submit a scheme, which would on the one hand deal equitably with all the various classes of Ottoman bondholders, and on the other hand provide a good round sum for the present needs of the Porte. It was, he told me, a scheme intermediate between that of M. de Tocqueville and that of the Ottoman Bank. It was not, however, yet completely settled.

M. Waddington added that he had mentioned this matter to Safvet Pasha, the Ottoman Ambassador here, but had at the same time remarked to him that the line which the Porte appeared to be taking about the Egyptian question was certainly far from being calculated to assist endeavours to enable it to obtain money in the French or English market.

I have, &c.
(Signed) LYONS.

No. 95.

Lord Lyons to the Marquis of Salisbury.—(Received July 3.)

(No. 711. Confidential.)
Paris, July 2, 1879.

My Lord,

WITH reference to my despatch No. 671 of the 25th ultimo, I have the honour to inform your Lordship that M. Waddington told me this afternoon that he had forwarded to M. Fournier, the French Ambassador at Constantinople, a scheme for arranging the Ottoman debts and for advancing money to the Porte, which had been prepared by the "Comptoir d'Escompte" of this place. He had, he said, directed M. Fournier to examine and report upon this scheme, but not to communicate it to the Porte at present.

M. Waddington promised to send me a copy of it for your Lordship's information. It would, he thought, be found to propose equitable arrangements for all the classes of the creditors of Turkey. It would, moreover, provide a sum of about seven or eight millions sterling for the present necessities of the Porte.

M. Waddington proceeded to ask me whether it was true that Musurus Pasha was trying to raise a small loan in London on the security of the surplus revenue of Cyprus. I answered that I had not heard this.

M. Waddington went on to say that he thought that this would be a very inopportune moment to assist the Porte in obtaining money. On the one hand, it seemed probable that the Sultan was about to dismiss Hairedin Pasha as Grand Vizier. On the other hand, M. Waddington would for his own part desire that the question of the Egyptian Firman should be satisfactorily settled before any special help was given to the Porte.

I have, &c.
(Signed) LYONS.

No. 96.

Lord Lyons to the Marquis of Salisbury.—(Received July 8.)

(No. 726. Confidential.)
Paris, July 7, 1879.

My Lord,

IN my despatches No. 675 of the 25th ultimo and No. 711 of the 2nd instant, I had the honour to report to your Lordship that M. Waddington had spoken to me of a scheme in preparation for effecting a rearrangement of the Ottoman debts, and for advancing to the Porte the money necessary to render the proposed rearrangement feasible.

I inclose herewith a copy of this scheme, which has been sent to me by M. Waddington for confidential communication to your Lordship. The principal author of it appears to be M. Girod, Director of the Comptoir d'Escompte de Paris.

In forwarding the document to me, M. Waddington has repeated that it has been sent to M. Fournier, the French Ambassador at Constantinople, for examination, but that he is not authorized to communicate it to the Porte without further orders.

I have, &c.
(Signed) LYONS.

Inclosure in No. 96.

Dette Ottomane.

Exposé.

LA solution du problème si important de la reprise du service de la dette Ottomane qui intéresse à un si haut point, l'épargne Européenne, est soumis à la réalisation des trois conditions principales suivantes :—

1. Unification et consolidation de l'ancienne dette inscrite, par voie de conversion et de réduction.

2. Délaissement aux mains d'une Commission Européenne, représentant la masse des intéressés, de certains revenus de l'Empire Ottoman spécialement affectés au service de la nouvelle dette consolidée.

3. Avance des sommes nécessaires pour dégager ces mêmes revenus, actuellement détenus en nantissement des avances faites au Gouvernement Ottoman depuis 1876, et faire face aux besoins essentiels et immédiats de la Porte, c'est-à-dire, au retrait du caïmé qui est une source de dépréciation considérable pour le Trésor Ottoman, au licenciement de l'armée, et à la création de la gendarmerie.

Ces trois conditions, connexes et indispensables, peuvent être résolues simultanément, suivant la formule et les données suivantes :—

Unification et Consolidation par voie de Conversion et de Réduction de la Dette Primitive.

ÉTANT donné que le Gouvernement Ottoman est dans l'impossibilité absolue de faire face, tant pour le présent que pour l'avenir, au service intégral de sa dette inscrite actuelle, il est indispensable de réduire le montant nominal et le taux d'intérêt des diverses catégories de cette dette, dans des proportions rationnelles qui permettent d'assurer la reprise du service des Rentes Ottomanes en payant un intérêt variable, progressant avec le rendement des revenus concédés, jusqu'au maximum fixé, qui pourra être atteint lorsque le Gouvernement Ottoman aura réorganisé ses divers services administratifs et financiers.

Le mode de réduction le plus logique et le plus équitable est, sans contredit, la capitalisation des divers emprunts au taux d'émission ; en sorte que chaque classe de porteurs recevra, en échange des titres anciens, une quantité de rente annuelle correspondant exactement du montant effectif du capital déboursé, lors de la souscription publique de l'emprunt.

Il résulte de ce système que si les revenus concédés en garantie de la nouvelle Dette Consolidée, produisent, à un moment donné, le montant de l'annuité nécessaire pour le service de cette dette, chaque porteur touchera l'intérêt normal, c'est-à-dire 5 pour cent du capital réellement déboursé par lui, rentrera intégralement dans ce capital par le jeu de l'amortissement.*

Délaissement des Revenus affectés au Service de la Nouvelle Dette Consolidée.

En sûreté et garantie de la nouvelle dette couverte, le Gouvernement délégnerait certains revenus spéciaux aux mains d'une Commission Administrative, nommée par les Gouvernements dont les nationaux sont le plus fortement intéressés dans les valeurs Turques, c'est-à-dire : la France, l'Angleterre, et l'Italie, pays qui détiennent les neuf dixièmes de la Dette Publique Ottomane.†

Les revenus spécialement affectés au service de la nouvelle dette seraient :

1. Les douanes générales de l'Empire et les contributions indirectes comprenant les tabacs, le timbre, les patentes, spiritueux, salines, dont l'administration peut être confiée aux soins d'une Commission indépendante, sans aucune ingérence dans les services généraux intérieurs du pays, et qui constituent les revenus les plus tangibles de la Turquie.

2. Les tributs et revenus des provinces cédées ou tributaires, telles que la Serbie,

Ce mode d'unification et consolidation par voie de réduction du capital primitif ramené au taux respectif d'émission, avec réduction de 1 pour cent du taux de l'intérêt, a déjà reçu l'approbation unanime de tous les comités constitués pour la défense des porteurs de valeurs Ottomanes.

† Le marché Français a absorbé, à lui seul, plus de 3 milliards du montant nominal de la dette Ottomane, soit 60 à 70 cinquièmes environ.

le Monténégro, la Bulgarie, et la Roumélie Orientale, qui ont été attribuées par le Traité de Berlin au profit des créanciers privilégiés de la Turquie.

Les produits des douanes et contributions indirectes, ci-dessus énumérées, assurent, sans compter la plus-value certaine que produira la nouvelle Administration, un rendement approximatif de 4,000,000*l.* sterling, ou 100,000,000 fr., que l'on peut prendre comme base des calculs.*

Les revenus et tributs énumérés à l'Article 2 peuvent se chiffrer à environ 1,000,000*l.*, soit 25,000,000 fr.

Le Statut Organique de la Roumélie Orientale fixe à 240,000*l.* sterling l'annuité que la province paiera au Trésor Ottoman. Il reste à régler, en vertu des stipulations des Articles IX, XXXIII, XLII du Traité de Berlin, les redevances de la Serbie, de la Bulgarie, et du Monténégro, que l'on peut évaluer, d'ores et déjà, d'après le chiffre fixé pour la Roumélie, à 800,000*l.* environ. Les sanjaks du Danube, qui constituent la province actuelle de Bulgarie, rapportaient, avant la guerre, un revenu annuel de 1,600,000*l.* sterling.

Cette seconde partie des revenus affectés au service de la nouvelle dette ne sera peut-être pas ordonnancée dès la première année, de sorte que l'intérêt variable à servir à cette dette sera réduit au seul reliquat disponible du produit des douanes et contributions indirectes, après paiement de l'annuité nécessitée par le service du nouvel emprunt privilégié dont il sera parlé ci-après.

Il est bien entendu que le Gouvernement Ottoman ne peut faire abandon de la totalité des revenus ci-dessus concédés, surtout en ce moment où tous ses services sont désorganisés et où il doit faire face aux charges excessives résultant de la dernière guerre. Aussi devra-t-il se réserver le tiers des revenus des douanes et contributions administrées par la Commission, et ce, jusqu'à concurrence du montant du budget reconnu nécessaire pour assurer les services généraux de l'Empire, et fixé à environ £ T. 14,000,000, ou 320,000,000 fr.†

Reliquat disponible pour le Service de la Nouvelle Dette.

	Fr.	Fr.
En prenant pour base des calculs le chiffre minimum de 4,000,000*l.*, soit 100,000,000 fr., produit par les seuls revenus des douanes et contributions indirectes ci		100,000,000
Il resterait après prélèvement de :—		
1. L'annuité nécessaire pour l'intérêt à 6 pour cent et l'amortissement à 1 pour cent de l'Emprunt Privilégié des 342,000,000 dont il sera parlé ci-après	23,040,000	
2. Du tiers réservé par le Gouvernement Ottoman	25,500,000	
		49,440,000
Une somme de		50,560,000

à distribuer comme intérêt de la nouvelle Dette Consolidée, soit environ 2.10 pour cent à peu près 1 pour cent de l'ancienne dette).

Ce résultat, qui est un minimum, est encore très-sortable pour les porteurs de titres, si l'on considère la situation actuellement si critique de la Turquie.

Ce taux d'intérêt à distribuer dès la première année augmenterait avec la plus-value forcée que les revenus concédés acquerraient par la bonne administration de la Commission Européenne, et pourrait, en suivant le calcul précédent, atteindre pour une perception annuelle le chiffre de 6,000,000*l.*, soit 150,000,000 fr. (chiffre qui n'a rien d'exagéré,‡ ajoutés au 1,000,000*l.* ou 25,000,000 fr. prévus pour les redevances des provinces tributaires, soit ensemble 175,000,000 fr., le taux de 4.10 pour cent, ou 2 pour cent de l'ancienne dette.

* Ce chiffre est calculé sur le produit actuel de cette branche de revenus. Les douanes seules, non compris les contributions indirectes, produisent, en ce moment, en moyenne, 5,300*l.* par jour, soit 1,900,000*l.* par an, ou 47,500,000 fr. environ.

† Dans le rapport de la Commission Financière siégeant à Constantinople, le minimum absolu prévu pour les besoins vitaux de l'Empire est de 10,000,000*l.*, soit 250,000,000 fr. Ce chiffre a été également discuté et reconnu par le Conseil des Ministres en présence du Délégué des Comités Anglo-Français des porteurs de la Dette Turque.

‡ Il est à remarquer que le Gouvernement Ottoman rentre par cette combinaison en possession de tous les autres revenus actuellement hypothéqués aux divers emprunts, revenus qui ont produit l'Exercice dernier, en ne tenant pas compte de la perte occasionnée par le caïmé, qui se trouve supprimé par le projet actuel, environ 14,000,000 livres Turques.

‡ Si la Porte, d'entente avec les Gouvernements, augmentait ses tarifs d'importation seulement le tiers, ce qui est aussi probable que rationnel et équitable, ces revenus, toute proportion gardée, produiraient un rendement de 8,000,000*l.*, soit 200,000,000 fr.

Avance des Sommes nécessaires pour faire face aux besoins immédiats de la Turquie.

Mais pour atteindre ce résultat il est indispensable de fournir au Gouvernement Ottoman les moyens de :—

1. Dégager ces mêmes revenus, actuellement détenus en nantissement d'avances, s'élevant environ à 5,000,000*l.*, ou 125,000,000 fr.

2. Retirer le caimé, qui est une cause de dépréciation considérable de ces revenus, et de perturbation économique pour le pays, opération exigeant une somme d'environ 3,200,000*l.*, soit 80,000,000 fr.

3. Fournir à la Porte les ressources pour licencier la majeure partie de son armée, et organiser la gendarmerie, mesures qui réclament environ 100,000,000 fr.

	Fr.
Dégagement des revenus	125,000,000
Retrait du caimé, licenciement de l'armée, gendarmerie, frais de conversion, etc.	180,000,000
Ensemble	305,000,000

Cette somme effective nécessiterait un capital nominal d'environ 342,000,000 fr., au taux fixe de 88 pour cent.

Comment procurer au Gouvernement Ottoman cette avance de 305,000,000*l.* ?

Faire appel au public par voie d'emprunt ou à émission est chose impraticable, vu la situation actuellement si discréditée de l'Empire Ottoman. Un emprunt contracté dans ces conditions devrait être émis à un taux tellement bas et déprécié que le résultat serait trop onéreux pour le Gouvernement, et ne ferait qu'aggraver encore la situation des porteurs et la crise financière de ce pays.

Il n'y a qu'un seul et unique moyen : c'est de faire un appel direct aux créanciers de la Turquie, c'est-à-dire aux porteurs de la dette, qui sont les seuls et véritables intéressés au relèvement des finances de cet État, et doivent forcément y contribuer par tous les moyens, et s'imposer de nouveaux sacrifices sous peine d'encourir la perte certaine, inéluctable, de la totalité de leur créance.

Cette règle générale, appliquée à toutes les catégories de créanciers, porteurs de la dette inscrite et créanciers gagés, simplifie considérablement la question d'emprunt, attendu que la charge nouvelle ainsi répartie sur la masse des intéressés devient minime.

Il ne faut pas chercher ailleurs la solution ; tout autre moyen n'est que leurre et utopie.

Comme cela est démontré précédemment, avec une avance nominale de 342,000,000 fr., soit 305,000,000 fr. effectifs au taux de 88 pour cent, le Gouvernement Ottoman est à même de réaliser la conversion et la consolidation de sa dette, en lui affectant les revenus certains et tangibles, tout en faisant face aux besoins essentiels.

Cette somme effective de 305,000,000 fr. serait réalisée comme suit :—

	Fr.
Par voie de soulte à fournir par la masse des porteurs de valeurs Ottomanes au prorata des rentes par eux possédées, c'est-à-dire 3 pour cent environ du montant de ces valeurs, en échange desquelles ils recevront une quantité correspondante de la nouvelle rente privilégiée	180,000,000
Par les créanciers gagés qui prendront, en compensation de leur créance, une quantité correspondante de cette rente	125,000,000
Total	305,000,000

Pour faciliter cette combinaison, un syndicat financier, d'entente avec le Gouvernement Ottoman prendrait ferme, tout ou partie de l'opération de conversion avec soulte à fournir par les porteurs, en versant au lieu et place de ceux qui ne pourraient pas souscrire effectivement le montant du nouvel emprunt afférent à leurs rentes, moyennant abandon par ces derniers d'une quantité de leurs titres à déterminer.

Cette formule de soulte et compensation à fournir par les créanciers de la Turquie annule complétement toute opposition de la part de la Russie, qui serait mal fondée à voir dans une opération, réduisant de plus de 5 pour cent le montant de la Dette Privilégiée qui prime sa propre créance, une atteinte à ses droits.

Il ne s'agit pas d'un emprunt proprement dit, mais bien d'une avance par abandon de créance.

La nouvelle Dette Privilégiée donnée en échange des 342,000,000 fr., montant de l'avance précitée, porterait intérêt à 6 pour cent, et jouirait d'un amortissement de

1 pour cent par an, ce qui nécessiterait une annuité de 23,940,000 fr., comprenant le remboursement en trente-trois ans.

Il y aurait peut-être lieu de consentir un certain privilége aux porteurs des quatre Emprunts 1858, 1860, 1862 et 1863, qui sont spécialement hypothéqués sur les revenus des douanes et contributions indirectes, et qui, dans la combinaison actuelle, viennent à partage avec la masse des autres emprunts et de leur assurer, comme avantage particulier, un amortissement de 1 ou 1½ pour cent par an, qui serait prélevé avant toute répartition, soit une somme annuelle de 3,000,000 fr. à 5,000,000 fr. environ, à distraire en faveur de cette catégorie de la dette.

Il est bon de faire observer, néanmoins, que les Comités Anglais représentant cette classe de porteurs ont accepté à l'unanimité le projet de conversion décrété par le Gouvernement Ottoman, en date du 30 Janvier dernier, projet qui ne fait aucun avantage particulier aux emprunts sus-énoncés.

Telle est, en résumé, l'économie du projet de conversion qui semble donner satisfaction dans la mesure du possible à tous les intérêts si divers, d'ordre politique et financier, qui régissent la question financière Ottomane ; les conditions de détail seront à discuter avec le Gouvernement Ottoman, et devront porter sur les points principaux suivants :—

1. Un décret d'unification sur les principes ci-dessus énoncés.

2. Un décret réglant le mode de souscription des 305,000,000 fr. nécessaires, par voie de soulte et compensation, à fournir par les créanciers de la Turquie.

3. Un arrangement à intervenir entre le Gouvernement Ottoman et un syndicat financier, pour assurer la combinaison et escompter au profit du Gouvernement Ottoman une partie des résultats de cette opération.

TABLEAU de la Dette Ottomane.

Dette à Conversion.—Tableau Général de la Dette Ottomane comprenant l'emprunt des Annuités, la Grande Conversion Ottomane et toutes les autres Dettes consolidées, depuis 1854 jusqu'à 1879 par la Banque Ottomane et ses Groupe.

Nature des Titres à Convertir.			Capitaux restant dus au 31 Mars 1879, y compris les Obligations non présentées à la Conversion.	Taux d'Intérêt.	Intérêt à payer.	Capital Nominal de la nouvelle rente 5 pour cent à délivrer.	Proportion du Capital Nominal à recevoir par 100 fr. du Capital Nominal Ancien.	Capital Nominal Nouveau attribué à chaque 100 fr. Ancien.
Désignation des Emprunts.	Taux de l'Intérêt.	Capital Nominal Primitif.	Fr.	Pour cent	Fr.	Fr.	Fr.	Fr.
Obligations 6 pour cent, 1854	Pour cent	125,000,000	91,225,000	6	10,628,200	10,628,200	91,825	424·13
" 1855	6	50,345,000	31,350,450	6	7,758,540	7,758,540	74,379	371·36
" 1862	6	200,000,000	134,091,250	6	23,007,325	23,007,325	59,975	299·80
" 1865-66	6	200,000,000	139,117,500	6	23,890,425	23,890,425	85,479	117·39
" 1869	6	150,000,000	101,102,500	6	17,361,525	17,361,525	77,698	388·49
" 1870	6	200,000,000	146,225,000	6	25,110,500	25,110,500	71,761	358·80
" 1873	6	225,000,000	179,215,000	6	30,777,360	30,777,360	69,348	346·74
"	6	69,444,500	69,444,500	6	11,924,148	11,924,148	72,074	360·37
Obligations 5 pour cent, 1865, 4e émission	5	79,400,000	79,400,000	5	13,638,800	13,638,800	40,350	161
dette non unifiée (lots Turcs)	5	3,118,831,500	2,115,931,500	5	363,400,725	363,400,725	40,371	80,371
Rente 5 pour cent, échue en 1879	5	131,742,500	131,742,500	5	22,626,380	22,626,380	72,074	360,370
Bons du Trésor 9 pour cent, échus en 1878 et 50 pour cent du capital nominal	9	278,850,450	278,850,450	9	47,906,000	47,906,000	72,074	360,370
			3,667,742,450		630,836,000	630,836,000		
Solde des diverses dettes non Consolidées, depuis 1876 par la Banque Ottomane et ses groupe			123,000,000	12·18	14,990,000	14,990,000	72,074	360,370
			3,790,742,450		645,826,000	645,826,000		

Total des Sommes Dues.	Capital Nominal Nouveau attribué à chaque 100 fr. Ancien.
Fr.	Fr.
102,453,200	424·13
80,129,200	371·36
146,996,525	299·80
131,048,125	117·39
120,531,900	388·49
697,793,500	358·80
771,075,645	331·71
838,278,100	161
2,337,069,225	80,371
303,836,050	72,074
5,905,507,140	
195,000,000	360,370
5,650,507,140	

* Les Intérêts du Tabac (5 pour cent) sont élevés à 6 pour cent par suite de la diminution de 1/6 du produit de la Taxe, résultant de la réduction de 1 piastre par oke (Décret impérial du 16 Août 1878). Le Capital nominal de la Dette unifiée est de 3,333,859,677 fr., de toute évidence supérieur au Capital réel, qui ne peut être déterminé que par la conversion. Un bon de 100 fr. rapporte en fin de compte, 5·60 fr. de rente.
† Dans cette colonne, l'intérêt de la Dette non unifiée est calculé à 5 pour cent, quoique la plupart soient payables en 5 pour cent nouveau aux conditions de la conversion.
‡ Montant de la seule émission qui soit payable en or. Les autres sont payables en livres turques à raison de 88 fr. pour cent effectifs. 263,000,000 fr. intérêt 6 pour cent.

y compris 1 pour cent d'amortissement.

No. 97.

The Council of Foreign Bondholders to the Marquis of Salisbury.—(Received July 16.)

My Lord, 17, *Moorgate Street, London, July 15, 1879.*

WE have the honour to request your Lordship's permission to call to your recollection our letter transmitting a Protest which, as the British Commissioners representing the bondholders of the Ottoman Loans of 1858 and 1862, we addressed to you on the 18th June, 1878, at the time you were a Plenipotentiary at the Congress of the Great Powers assembled at Berlin, and in reply we were favoured with the assurance that the matter would receive the serious attention of Her Majesty's Plenipotentiaries.

We venture to recapitulate some of the statements set forth in that Protest, with an earnest request that the assistance of Her Majesty's Government may be given to some effort to alleviate the hardship imposed on those persons whom we represent, by the entire disregard paid by the Porte to the engagements they solemnly made.

The Loans of 1858 and 1862 were issued in London, and are held mainly by subjects of Her Majesty the Queen.

They have a first charge upon the general revenues of the Ottoman Empire, and the customs and octroi duties of Constantinople are also assigned as special security to the 1858 Loan, while in the same manner the revenues from tobacco, salt, stamps, and patents belong as hypothecations to the loan of 1862.

In addition, there is an exceptional privilege attached to these loans, which is not possessed by any other Turkish loan, in being granted under the Firmans by which their issue was decreed, the right, in conjunction with the Porte, to appoint syndicates at Constantinople to collect the revenues hypothecated as special securities to the bondholders, directly and for their account.

These rights were solemnly recognized at the Congress of Berlin, and in Protocol No. 11 of the Treaty, one of the Plenipotentiaries of Russia (a belligerent claiming indemnity), his Excellency Count Schouvaloff affirms, in a general manner, "that in the financial question Russia proposes to respect legality, that is, every anterior hypothecation."

Also, in Protocol No. 18, the following declaration, to which all the Powers adhered, is made:—

"The Powers represented at the Congress desire to recommend to the Sublime Porte the establishment at Constantinople of a Financial Commission, composed of Specialists named by their respective Governments, which Commission shall be charged to examine into the complaints of the bondholders of the Ottoman Debt, and to propose the most efficacious means for satisfying them as far as is compatible with the financial situation of the Porte."

Notwithstanding this declaration, no steps have been taken to make an arrangement of the debt due to the bondholders of the Loans of 1858 and 1862, though secured to them specially, fully, and permanently, as described.

And we, the Commissioners, further regret to have to state, that we have reason to believe that the special securities thus solemnly pledged to the bondholders have been repeatedly re-pledged to bankers in Galata for loans made by them for various periods to the Porte. Against this misappropriation we hereby most formally and emphatically protest, and we claim on behalf of the bondholders the restitution forthwith of the possession of the securities which belong to them by lawful assignment, and we have the honour to request the assistance, for that purpose, of Her Majesty's Government.

It may be fairly anticipated that were proper consideration presently shown to the claims of the bondholders of these loans, they would not be unwilling to relinquish a part of what is due to them, provided that the Porte were to propose reasonable terms to them for a compromise of the full amount of such claims, and unaccompanied by any condition sought to be imposed on them respecting the raising of a new loan. All that we could be asked or expected to do would be to submit any such proposal to the bondholders for their consent, and it would be for the Porte to obtain such further financial aid as it was possible to get, by pledging the balance of the revenues assigned to the bondholders, and thus released from the mortgage to them.

We submit that we have a strong claim on the good offices of Her Majesty's Government to aid the bondholders in obtaining a proper recognition of their securities under the Firman already mentioned; and if Her Majesty's Government should, at the request, and with the consent, of the Porte appoint British subjects to receive and

transmit to this country the proceeds of the revenue specially pledged to the bondholders of the loans in question, it would seem that an opportunity might be afforded the Porte to raise sufficient upon the balance in question to relieve themselves from the financial deadlock in which they are at present placed.

We have, &c.
(Signed) E. P. BOUVERIE.
ROGER EYKYN.
H. A. WITHERS.
THOS. RUMBALL.
F. KENNEDY.

No. 98.

Lord Tenterden to Mr. E. P. Bouverie, M.P.

Foreign Office, July 21, 1879.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of the letter dated the 15th instant, and signed by yourself and other gentlemen on behalf of the British Bondholders of the Ottoman Loans of 1858 and 1862.

I am in reply to state that the contents of that letter shall receive the careful consideration of Her Majesty's Government, and that the attention of Her Majesty's Ambassador shall be drawn to your statement that the revenues pledged as security for the loans in question have been appropriated to other purposes.

I am, &c.
(Signed) SALISBURY.

No. 99.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 966.)

Foreign Office, July 24, 1879.

Sir,

I TRANSMIT to your Excellency herewith copy of a letter which has been received from Mr. E. P. Bouverie and other gentlemen,* representing the interests of the bondholders of the Ottoman Loans of 1858 and 1863, calling attention to the fact that certain sources of revenue were specially assigned as securities for the said Loans, and stating their belief that those securities have since been repeatedly pledged to bankers in Galata for advances made by them to the Porte.

Against this misappropriation the writers of the letter protest, but they believe that the bondholders would not be unwilling to entertain proposals for a reasonable compromise, entailing the surrender of a portion of what is due to them, and enabling the Porte to obtain further financial aid by pledging the balance of the revenues assigned as security to the Porte.

I have in reply promised that your Excellency's attention shall be drawn to the alleged diversion to other purposes of the revenues pledged to the bondholders, a proceeding which undoubtedly affords to them grave reason for complaint, and must be injurious to the permanent credit of the Ottoman Government.

A copy of the answer returned,† and of a previous letter from Mr. Bouverie of the 18th June, 1878, are inclosed herewith.

I am, &c.
(Signed) SALISBURY.

No. 100.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 5.)

(No. 662. Confidential.)

Therapia, July 27, 1879.

My Lord,

I INFORMED your Lordship, in my despatch No. 491 of the 13th ultimo, that M. Frémy, the well-known French financier, had been invited to Constantinople by

* No. 97.

† No. 98.

the Sultan. It appears that some of the financial projects presented by this gentleman to His Majesty were rejected; but that he has succeeded in prevailing upon His Majesty to allow him to submit a scheme for the unification of the Turkish coinage, which, if approved, he is to carry out. I understand that the agreement entered into with him on the subject provides that he shall have three months to elaborate ("étudier") his scheme, and that the Porte is not to be considered bound to accept it, or liable to the payment of expenses, or of an indemnity, if it does not. The affair has been, I am assured, arranged entirely at the Palace, without consultation with the Grand Vizier.

M. Frémy has now gone to France to endeavour to make arrangements for putting his project into execution. Before his departure he received from the Sultan the Grand Cordon of the Medjidizeh.

I have not yet been able to obtain any accurate information as to the details of M. Frémy's scheme. Mr. Foster, the Manager of the Imperial Ottoman Bank, writes to me privately:—

"I have heard that M. Frémy proposes to reduce the lira to the value of the Napoleon, so as to assimilate it to the French and Italian system, to withdraw the base coinages, and to reduce the standard of the silver coins. I cannot guarantee the correctness of my information.

"The adoption of a common coinage with those of the countries using the French system would have many advantages, but to make this change honestly would cost more than Turkey could at this moment afford. But I am told that M. Frémy promises a very large profit to the Government, besides something, no doubt, for himself and Company. So large a profit could only be made by tampering with the intrinsic value of the coins, and this means robbing the public of a portion of their money property. It is said that the Government have accepted M. Frémy's proposal in principle. This may mean much, or very little. So far as unification goes they have never done otherwise than accept it in principle. It is in the details how to work it out that difficulties arise, and to these the Government are not bound."

I inclose an article on the subject from the "Levant Herald."

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 100.

Extract from the "Levant Herald" of July 26, 1879.

THE UNIFICATION OF THE COINAGE.—Yesterday we mentioned the report that M. Frémy had obtained from the Imperial Government a concession for the unification of the Turkish coinage. This report is now confirmed. The basis has been laid down of an arrangement between the Porte and M. Frémy, by which the latter undertakes the unification of the coinage either on the present system, or on that of the Latin union, at the option of the Sublime Porte. A term of three months is granted to M. Frémy in which to make his preparations, and the work of the conversion is to be begun within that period. The copper, the metallic, and the silver piastres and half piastres, the small size of which renders them inconvenient, are to be withdrawn, and the *monnaie d'appoint* will consist of a bronze coinage similar as regards material to that in use in England and in France. So much has been said in these columns from time to time on the subject of the unification of the coinage, as a necessity for the purposes of State economy, that it is needless just now further to expatiate upon that head. The history of the manner in which the currency of Turkey has been tampered with by the State, and manipulated for the profit of a corrupt Administration, probably surpasses any feat of the kind ever undertaken in any country for the benefit of the few at the cost of the many. The Sultan, in ordaining the unification—which has been proposed, over and over again, to successive Cabinets—has at length put an end to this great abuse. The details of M. Frémy's contract with the Government are not known, but we have no reason to believe that it differs materially from similar contracts made with other Governments. A contemporary, afflicted with "Frémy on the brain," continues to rant about the "ignorance and malevolence" of those who say that the people will have to pay the cost of the operation. That does not alter the fact, that in some way, however skilfully disguised, the nation will have to bear the cost of the operation. But that cost once paid there is an end of the matter, and the

nation pays once for all for a good thing, instead of paying heavily every year, as it now does, for a bad thing. For, the cost of the existing state of monetary disorder, which till now has been maintained by the State at the expense of the public, afflicts every purse in the Empire more or less, and afflicts it too in a peculiarly irritating way, because to the consciousness of being fleeced is added the sense that the results of the fleecing go to sheer waste. As we lately expressed it, there is a maximum of loss to the population and a minimum of advantage to the State. Lately, the evils resulting from the disordered state of the currency have come home more than ever to the popular understanding. Every local market, every transaction not of an international character, down to the purchase of the smallest object, has been disturbed by it, and the disturbance has been attended by appreciable loss in every case. But, apart from all these extraordinary and special evils which have appeared of late—and which have taught the public that the question of the unification of the coinage affects everyone in the same direct manner as the question of water supply, or any other touching the daily economy of individual existence—it may be useful to point out that even before caimé was issued, owing to the employment of a heterogeneous currency, statists estimated that every lira in circulation paid its own value once in six years to the money-changer. This enormous tax was borne by the population as a matter of course, without question as to why they were called upon to endure it. They were called upon to endure it simply because a heterogeneous coinage is an instrument for illicit profit, and the maintenance of it was necessary to assist the nefarious practices of a corrupt Administration. Now, all this is to be done away with. M. Frémy has put his finger upon the most malignant of all the wounds in the Turkish economic system, and, thanks to the intelligence of the Sultan, it has been resolved to heal that wound first. The decision is wise; and it may now fairly be said that a first step has been really taken in economical reform.

No. 101.

Sir A. H. Layard to the Marquis of Salisbury.—(Received August 5.)

(No. 666. Confidential.)

Therapia, July 27, 1879.

My Lord,

WITH reference to your Lordship's despatch No. 928, Confidential, of the 17th instant, inclosing, for my information and for any observations that I may have to make thereon, a scheme for effecting a rearrangement of the Ottoman debt and for advancing money to the Porte, I have the honour to state that M. Fournier has informed the Turkish Ministers that he has been authorized by his Government to submit a plan to them for their acceptance which is calculated to relieve them from their financial embarrassments, but he has not, as far as I am aware, yet communicated it to them, nor even informed them of its details. Sufficient, however, appears to have transpired with reference to it to enable those persons who are concerned in financial operations here to form an opinion about it. Mr. Foster, the Manager of the Imperial Ottoman Bank, who is not aware that I am acquainted with the scheme, tells me that he considers it a practicable one if modified in some respects, and one in which the Bank could take part. I scarcely feel competent to discuss its details and its figures. In the opinion of persons able to judge of the matter, the sum of 8,200,000*l.* assigned for the withdrawal of the caimé, or paper money, would be considerably in excess of the amount required for that object. How far, in the light of experience, the foreign bondholders could count for any length of time, if at all, upon the payment of "the tributes and revenues of Servia, Montenegro, Bulgaria, and Eastern Roumelia," your Lordship will probably be able to judge.

The real questions at issue with respect to this and other schemes submitted to the Porte appear to me to be—First, whether a sufficient revenue can be secured to the Porte, after deducting the sums annually to be paid as interest upon its debts, for the necessary services of the State; for if not, the Turkish Government must have recourse to loans to meet its liabilities, and would return to the pernicious system of borrowing, to which it owes its present difficulties; and, secondly, whether the Porte could be brought to consent to a really efficient administration of its finances, including the introduction of the required reforms, by a European competent to the task, or by a European Commission, or by one in which the European element was largely in the

majority. I venture to believe that these are the two points to which the attention of Her Majesty's Government should be directed in considering any scheme submitted to them for the arrangement of the finances of Turkey. Such a scheme as that now proposed by M. Waddington could not be exclusively a French one. It could scarcely be carried out without the co-operation of the Imperial Ottoman Bank and the aid of English, as well as French, capitalists.

I have, &c.

(Signed) A. H. LAYARD.

No. 102.

Messrs. Hardy, Brothers, to the Marquis of Salisbury.—(Received October 15.)

13, Copthall Court, Throgmorton Street, October 13, 1879.

My Lord,

WE have the honour, on behalf of ourselves and others, to transmit, for your Lordship's perusal and consideration, a copy of a protest which we have this day forwarded to his Excellency Musurus Pasha.

We have to beg your Lordship's support in behalf of the said memorial, and remain, &c.

(Signed) HARDY, BROTHERS.

Inclosure in No. 102.

Messrs. Hardy, Brothers, and others to Musurus Pasha.

Excellency,

WE beg to submit the following statement for your gracious consideration:—

That whereas the Imperial Turkish 6 per Cent. Loan of 1854 and the Imperial Ottoman 6 per Cent. Egyptian Tribute Loan of 1871 were respectively secured by Firman of His Majesty the Sultan on the tribute payable to Turkey by His Highness the Khedive of Egypt; and whereas money arising from such tribute was regularly paid into the Bank of England for the service of the said loans, and paid to the bondholders until October 1875, when a temporary suspension of payment occurred; and whereas a fresh arrangement was entered into on the 17th September, 1877, between His Imperial Majesty the Sultan of Turkey, His Highness the Khedive of Egypt, and the bondholders of the respective loans, by which, on account of the bondholders consenting to a reduction of interest and sinking fund, the Imperial Ottoman Government were enabled to raise a fresh loan of 5,000,000*l.*, called the Ottoman Defence Loan, and in consideration of which sacrifice on the part of the bondholders, for the purpose of making the payment of the interest and sinking fund, if possible, more secure for the future, the Imperial Ottoman Government directed the Khedive of Egypt to pay to the Bank of England out of the Egyptian tribute sums sufficient for the service of such loans at least fifteen days before each 10th day of April and 10th day of October; and the Khedive of Egypt, on his part, acknowledged such direction, and bound himself and his successors so to remit and pay the said sums into the Bank of England; and whereas the dividends due on the 10th October instant still remain unpaid, although the dividend on the Egyptian Railway Loan and the dividend on the Daira Sanieh, due on the 15th October instant, have both been advertised for payment:

We beg most respectfully but firmly to enter a protest against this preferential appropriation, as we feel that not only a grave affront is thereby offered to the Turkish Government but a serious injustice done to the bondholders, for we contend that the Loans of 1854 and 1871 and the Ottoman Defence Loan (not ignoring the rights of the 1875 Loans) have a first charge on all the revenues of Egypt as being the tribute due by a subordinate Ruler to his Suzerain, the payment of which is one of the conditions of the tenure by which the former holds his territory; and we would most respectfully suggest to your Excellency that the Ottoman Government be solicited to use its authority with the Egyptian Government, so that not only the dividends due on the 10th instant be promptly paid, but that such arrangements may now be made as will insure for the future the punctual payment of the dividends, so that the

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solemn engagement entered into by the Khedive in September 1877 be carried out in its entirety.

We are, &c.
(Signed) HARDY, BROTHERS.
N. DAVIS AND SON.
THOS. OLIVER.
G. JACOBSON.
GEIGER AND DETTLEBACH.
ARTHUR ANDERSON AND Co.
BAKER AND STURDY.
BRISTOWE, BROTHERS.
M. CASTELLO.
F. CAZENOVE.
C. MORRISON.

No. 103.

Lord Tenterden to Messrs. Hardy, Brothers.

Foreign Office, October 17, 1879.

Gentlemen,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 13th instant, inclosing a copy of a protest which you have addressed to the Ottoman Ambassador in London, on the subject of the non-payment by the Khedive of Egypt of the dividends due on the 10th October, under the arrangement entered into by His Highness with His Imperial Majesty the Sultan of Turkey on the 17th September, 1877.

I am, &c.
(Signed) TENTERDEN.

No. 104.

Mr. Malet to the Marquis of Salisbury.—(Received October 21.)

(No. 872.)
Therapia, October 10, 1879.

My Lord,

MR. FOSTER, C.B., Director of the Ottoman Bank, informs me that a scheme is at present under discussion by the Council of Ministers having for its object the farming out of the customs and indirect taxes, the adjustment of certain loans and advances, and a further advance by the Ottoman Bank for the Porte.

Mr. Foster thinks well of the scheme provided certain alterations, which he is endeavouring to obtain, are made.

The Ottoman Bank, the Société-Générale, and M. Zarify, the Constantinople banker, are to farm the customs and indirect taxes for a period of six years, commencing from the 13th April, 1880, at a rental estimated upon the receipts of five years previous to the war approximately 3,500,000*l.*

Any increase of revenue due to improved administration, development of trade, and similar causes, is to be equally divided between the Government and the banks. Where the increased revenue is due to increased taxation, the previous year's receipts will be taken as the normal amount, and the bank will receive 10 per cent. of the increase.

The administration of the enterprise will be carried on by the present employés.

The expenses of administration to be fixed at a certain sum not yet discussed.

The following advances to be secured on the receipts of the enterprise :—

The four loans specifically secured on the customs, viz., those of 1858, 1860, 1862, and 1863-64.

Four advances specifically secured on the customs, amounting to about 4,000,000*l.*

A portion of the account current (about 1,500,000*l.*) with the Ottoman Bank.

The rental obtained from the banks, viz., 3,500,000*l.*, is to be applied as follows :—

400,000*l.* for interest and sinking fund on the four Customs loans.
1,000,000*l.* for the repayment of advances and account current.
2,000,000*l.* (the remainder) to be handed over to the Treasury.

[Should follow No. 103, on page 90.]

No. 103 A.

Sir A. H. Layard to the Marquis of Salisbury.—(Received October 18.)

(No. 700.)
(Telegraphic.)
Therapia, October 18, 1879, 11·20 P.M.

THE new Ministerial appointments are deplorable, and have made the worst impression here. The time appears to me to have come for energetic action on our part. I shall write fully on the subject by next messenger. We should, I think, now insist upon the immediate carrying out of the reforms promised in Safvet Pasha's note of the 24th October. We ought also to protest against any new loans being raised upon the customs which have already been pledged to English and other foreign creditors, until the International Commission, recommended at Berlin, has made its inquiry. This will frighten the Sultan, as he dreads this Commission, and thinks that a loan can be raised on the customs, which will meet the present financial difficulties of the Porte and render it independent of Europe.

No. 103 B.

Sir A. H. Layard to the Marquis of Salisbury.—(Received October 19.)

(No. 701.)
(Telegraphic.)
Therapia, October 19, 1879, 6·45 P.M.

WITH reference to my telegram No. 700, French Ambassador has, in pursuance of instructions from his Government, protested at the Porte against any new loan being raised upon the customs and indirect taxes, on the ground that they are already pledged to the French bondholders. He is very anxious that I should take the same course. I have told him that I have asked you for instructions.

The bank to make a further advance of 1,500,000*l.* at 8 per cent., also to be secured on the customs.

The interest on advances and account current to be reduced to 8 per cent.

Mr. Foster considers six years to be too short a period for the proper development of the scheme, and proposes ten years instead.

He desires that the rental should be calculated on the receipts of the last two years instead of on those of the five years previous to the war.

He offers 3,000,000*l.* for the concern instead of 3,500,000*l.*

He insists that the administration of the enterprise should be wholly in the hands of the banks, and that a limited number of Europeans shall be employed. The Porte has consented to the employment of thirty Europeans as superior officials, and also consents to the administration being managed by a Syndicate to be appointed by the banks.

Mr. Foster desires that four advances made previous to 1873, and not specifically secured on the customs, amounting to about 4,000,000*l.*, should be included in the schedule of debts to be secured on the receipts of the enterprise.

He further proposes that the Government should only receive 1,500,000*l.* instead of 2,000,000*l.* as its share of the rental, and that the interest on the new advance and on the old advances and account current should be at the rate of 9 per cent. instead of 8 per cent.

The amount assigned to the four loans will be sufficient to pay 1 per cent., and the Porte hopes to be able to pay in like manner 1 per cent. on the other loans not secured on the customs by assigning to them as security the revenues which they are to receive as tribute under the Treaty of Berlin, and the surplus revenues of Cyprus.

I have, &c.
(Signed) EDWARD B. MALET.

No. 105.

Mr. Egerton to the Marquis of Salisbury.—(*Received October* 21.)

(No. 653.)
My Lord,

Vienna, October 18, 1879.

EDHEM PASHA told me to-day that the financial news from Constantinople was more favourable, but he could not give me details as to the quarters from whence the money assistance to the Porte was to be advanced; I presume, therefore, he alludes to the scheme mentioned in Mr. Malet's No. 872.

I have, &c.
(Signed) EDWIN H. EGERTON.

No. 106.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1274.)
Sir,

Foreign Office, October 21, 1879.

I HAVE received your telegrams Nos. 700 and 701 of the 18th and 19th instant, in which you suggest the possibility of an attempt being made by the Porte to raise a fresh loan upon the security of the Customs.

In reply, I have authorized your Excellency to protest against any proposal for the hypothecation of the Customs to any new loan, on the ground that this source of revenue has been already pledged to the bondholders, of whom many are English, and for whose payment no other provision has yet been made.

I am, &c.
(Signed) SALISBURY.

No. 107.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received October* 28.)

(No. 905. Confidential.) *Therapia, October* 21, 1879.

My Lord,

I HAVE the honour to inclose copy of a further private letter to me from Mr. Foster, giving an account of the present state of the negotiations with the Porte for farming the Customs and other revenues, and for raising a loan upon them.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 107.

Mr. Foster to Sir A. H. Layard.

Therapia, October 21, 1879.

Dear Sir Henry,

YESTERDAY I was kept till past 7 before the Council of Ministers, discussing the new scheme.

We had offered considerable concessions in return for the almost absolute security of the proposed European farming of the Revenues Company who were to have guaranteed the reimbursement of our advances.

The new scheme seems to be to accept our concessions, but not to pay the price for them—that is, leave the advances without guarantee, and then ask the lenders to advance a further 1,500,000*l*.

They propose to put aside the salt and tobacco revenues, and the tributes of the detached provinces and Cyprus, to regulate the debt, exclusive of the advances.

The rest of the revenue to be administered as it is now for the benefit of the Treasury, the Government paying a certain sum towards the advances. There was no written proposal, and when we asked questions about guarantees, &c., they replied that such were questions of detail.

Yours, &c.
(Signed) M. H. FOSTER.

No. 108.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received November* 4.)

(No. 912.) *Therapia, October* 23, 1879.

My Lord,

I HAVE the honour to transmit herewith copy of the protest against the hypothecation of the customs to any new loan, which I have addressed to the Sublime Porte, in compliance with the instructions contained in your Lordship's telegram No. 259 of the 21st instant.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 108.

Sir A. H. Layard to Sawas Pasha.

THE Undersigned, Her Britannic Majesty's Ambassador, has been instructed by Her Majesty's Government to protest against the hypothecation of the Turkish customs to any new loan, as they are already pledged to the holders of certain Turkish loans, many of whom are British subjects, for whom no provision for the payment of the interest upon the money advanced by them to the Sublime Porte has yet been made.

The Undersigned consequently hereby formally protests against the hypothecation

of the said customs revenues to any new loan whatever, or to any money advance to the Sublime Porte, until the claims of the English bondholders, to whom they have already been assigned as security, shall have been satisfactorily settled.

Therapia, October 22, 1879.

No. 109.

Mrs. Mockler to the Marquis of Salisbury.—(*Received November* 10.)

My Lord Marquis, 2, *Grendon Villas, Teignmouth, November* 6, 1879.

I BELIEVE my cousin Lieutenant Birdwood George has the honour of knowing your Lordship. By his advice four years ago I did not part with my stocks in the Tribute Loan of 1854, as he, when advising me not to sell, said the honour of both the Governments of England and France was concerned in seeing justice done to the 1854 bondholders. But, alas! my Lord, to my grief and disappointment, the Tribute Loans have not been paid, notwithstanding the other debts of Egypt have been duly met.

My Lord, I humbly appeal to you once more on behalf of my unfortunate children.

I am at this moment in actual want of means to pay for my children's education through the non-remittance of the Tribute dividends due on the 10th October last—and day by day is our little property being depreciated in value. It is a hard thing to be without money, but harder still to feel that an act of injustice has been done by the Egyptian Government, as they paid their other loans.

My Lord, I feel sure, from what I have heard of your Lordship, that you will not suffer this to occur again.

I have, &c.
(Signed) CLARA ISABELLA MOCKLER.

No. 110.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1350.) *Foreign Office, November* 12, 1879.

Sir,

I HAVE to state to your Excellency that the *note verbale* addressed by you to the Porte, placing on record the protest of Her Majesty's Government against the hypothecation of the Turkish Customs to any new loan, of which a copy is inclosed with your despatch No. 912 of the 23rd ultimo, entirely carries out the views of Her Majesty's Government in this respect.

I am, &c.
(Signed) SALISBURY.

No. 111.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1375.) *Foreign Office, November* 15, 1879.

Sir,

THE terms on which, as I understand from your Excellency's telegram No. 736 of yesterday, the Porte seems likely to come to some financial arrangement with the Galata bankers, are open to serious objection.

I have therefore instructed your Excellency to inform Mr. Foster, the Director of the Ottoman Bank, unofficially and confidentially, that, if the Cyprus surplus is to be devoted to the payment of the Ottoman debts, the first lien on it will be the debt due to Her Majesty's Government on account of the Loan of 1855; and, therefore, by including that surplus in the guarantees to be given by the Porte, he will only throw doubt on his security.

It might also be as well that you should intimate to him that Her Majesty's Government could give no recognition to any new mortgage on that surplus; and that

if for any reason it ceased to be obligatory upon them to pay it to the Sultan, they certainly should pay it to no one else.

I am, &c.
(Signed) SALISBURY.

No. 112.

Sir A. H. Layard to the Marquis of Salisbury.—(Received November 19.)

(No. 965. Confidential.)

Therapia, November 9, 1879.

My Lord,

I HAVE the honour to inclose copy of a private letter addressed to me by Mr. Foster, the Manager of the Imperial Bank, with reference to a new financial scheme proposed by the Porte, which I agree with him in thinking impracticable.

M. Zarifi, however, informs me that he is sanguine of being able to induce the Turkish Ministers to accept it.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 112.

Mr. Foster to Sir A. H. Layard.

Ottoman Bank, Constantinople, November 8, 1879.

Dear Sir Henry,

I SHOULD have kept you more fully informed of the progress of the financial negotiations at the Porte had I not hesitated to waste your time as mine has been during the last week or ten days at the Porte.

Every Minister has his own scheme, of which not one of them understands its real purport. The proposal of to-day is over-ridden by that of to-morrow.

The last proposal is this:—

The tobacco and salt duties and the stamps to be administered by a Council presided over by the Bank, and consisting of three Turks and four or five European representatives of creditors.

The tobacco revenue to be held for the benefit of the bondholders, to which is to be added the net revenue of Cyprus and Eastern Roumelia (not Bulgaria). The salt duties and stamps to be applied to the repayment of the bankers' advances.

The remainder of the taxes and the customs proper to be administered as now by the Government for their own benefit.

	£ T.
They estimate tobacco	1,000,000
Cyprus	130,000
Eastern Roumelia	240,000
For the bondholders	1,370,000
For the bankers' advances—	
Salt	700,000
Stamps	140,000
	840,000

These figures are exaggerated. I reckon tobacco at 700,000*l.* or 800,000*l.*; salt at 450,000*l.*; Cyprus at 100,000*l.*, so that the bondholders now get about 1,000,000*l.*, and the advances about 600,000*l.*, which would not meet the interest on the 10,000,000*l.* of advances having a preference charge.

The revenue left to the Government would be, according to their Budget, about 12,000,000*l.*

They console the bondholders and bankers by saying that under our administration the revenues assigned to us would largely and rapidly increase. But if they make this admission why exclude the customs from the benefit of this improvement?

There is an evident vice in the above scheme. There is to be a double administration; one for the tobacco and salt, and one for the customs. Let alone the double expense, how can there be efficient control over the tobacco and salt when the custom-houses are in the possession of a rival administration? What would our Chairman of

the Board of Customs say to such a proposal? It would of course imperil the revenue, and the bondholders would not accept it. Contraband would have its full swing.

You refer in your letter of this morning to the question of previous consultation with the foreign bondholders. In taking away from the bondholders I think previous consultation was absolutely called for. In giving them back a small modicum of what they are entitled to it is different.

The Government gives all it can spare for the moment, and promises more if its revenue increases.

The bondholders accept or not, as they like. I believe all would come into the arrangement. But if you were to ask them in advance whether they will accept one million in place of twelve, they would to a man refuse. I do not think we shall have a practical proposal so long as Said is at the helm.

(Signed) M. H. FOSTER.

No. 113.

Mr. Hyde Clarke to Marquis of Salisbury.—(Received November 21.)

Council of Foreign Bondholders, 17, Moorgate Street, London, E.C., November 20, 1879.

My Lord,

ACCORDING to telegrams from Constantinople, the Commissioners for the Ottoman Loan of 1862 are led to believe that the Ottoman Porte is in negotiation with the Imperial Ottoman Bank, and other local bankers, for the alienation of the tobacco and stamp revenues; and placing the collection and disposal thereof in some Commission, to be named by such group of bankers.

The Commissioners for the 1862 Loan therefore beg leave respectfully to represent to your Lordship that the tobacco and stamp revenues were raised in consequence of the recommendation of the late Lord Hobart and of Mr. Morgan H. Foster, C.B., now in Constantinople, when appointed in 1861 and 1862 to inquire into and report upon the financial condition of the Turkish Empire.

These revenues, together with those of the salt and patent dues, were assigned as security to the bondholders of the 1862 Loan, issued with the cognizance of Earl Russell, Her Majesty's Secretary for Foreign Affairs; and for the application of which loan to the purposes for which it was raised, Lord Hobart and Mr. Foster were again sent out to Turkey, as stated to the House of Commons by Mr. Layard, then Under-Secretary for Foreign Affairs, on the 14th March, 1862.

On the original issue of the loan, it was stipulated that a Syndicate should be appointed in Constantinople to receive the assigned revenues; but no appointment having been made, Her Majesty's Ambassador made a demand in 1870 for its appointment, and on the 31st August of that year the three Ottoman Members were named by the Porte.

By a new Convention made between the Porte and the bondholders in 1873, the whole of the rights of the bondholders were re-affirmed, and these rights were recognized at the Berlin Conference.

The Commissioners therefore trust that, as on former occasions, Her Majesty's Government will be ready to give their support to the claim of the bondholders to have their securities respected, and that your Lordship will instruct Her Majesty's Ambassador at Constantinople to insist that this right of the bondholders should not be overruled or ignored.

While the invasion of these rights can afford no permanent relief to the Porte in its present embarrassments, the Commissioners believe that the restoration of the financial resources of Turkey can most effectually be secured by amicable arrangements based on the recognized obligations of the Porte, and they are quite ready to give their co-operation for the common interest of the Porte and the bondholders.

I have, &c.
(Signed) HYDE CLARKE,
Secretary to the Commissioners of the Imperial Ottoman Loan of 1862.

No. 114.

Lord Tenterden to Mr. Hyde Clarke.

Foreign Office, November 24, 1879.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 20th instant, protesting against the alleged intention of the Porte to alienate the tobacco and stamp revenues, which, together with the salt and patent dues, have been assigned as security to the bondholders of the Ottoman Loan of 1862.

I am, &c.
(Signed) TENTERDEN.

No. 115.

Sir A. H. Layard to the Marquis of Salisbury.—(Received November 26.)

(No. 993. Confidential.)

Therapia, November 16, 1879.

My Lord,

WITH reference to my despatch No. 965, Confidential, of the 9th November, I have the honour to inclose copy of a further private letter from Mr. Foster relating to the present state of the negotiations between the Porte, the Imperial Ottoman Bank, and certain Galata bankers for a financial arrangement. It is stated in the local newspapers that the proposed arrangement has now every chance of being carried out. I have communicated to Mr. Foster, unofficially and confidentially, as instructed by your Lordship, the substance of your Lordship's telegram No. 284 of the 15th instant, relating to the Cyprus surplus.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 115.

Mr. Foster to Sir A. H. Layard.

Constantinople, November 12, 1879.

Dear Sir Henry,

THE last phase of the financial proposals are the following: The spirit duty, silk duties, stamp duties, and fisheries, estimated at about 400,000*l.*, to be farmed by a Syndicate. This Syndicate to have also the administration of the tobacco and salt duties, but of these revenues 1,350,000*l.* to go to the bondholders, and 1,100,000*l.* in repayment of advances made in anticipation of revenue. The latter annuity will be set free in eight or ten years, and be available for the Government or for the bondholders, as may be decided.

The customs proper remain with the Government, with the stipulation that, if the revenues above assigned do not suffice to meet the two annuities, the deficiency will be met out of the customs.

My objection regarding the facilities given to contraband by a divided control is to be met by placing the preventive police under the Syndicate, each Administration bearing its proportion of charges.

It is a clumsy arrangement, but is a large concession on the part of the Turks. It may lead to considerable ameliorations in administration, and should not, I think, be rejected.

If, under this system, there should be a large augmentation of revenue, as I think there would be, it might lead to the Government subsequently placing the administration of the Customs itself under a similar Board.

Yours, &c.
(Signed) M. H. FOSTER.

No. 116.

Sir A. H. Layard to the Marquis of Salisbury.—(Received November 26.)

(No. 1006. Confidential.)

Therapia, November 18, 1879.

My Lord,

WITH reference to my despatch No. 993, Confidential, of the 16th instant, I have the honour to inclose a further private letter, addressed to me by Mr. Foster, with reference to the financial arrangements contemplated by the Porte, and especially as to the hypothecation by it of the Cyprus surplus.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 116.

Mr. Foster to Sir A. H. Layard.

Constantinople, November 17, 1879.

Dear Sir Henry,

I AM very much obliged to you for the information Lord Salisbury authorized you to convey to me.

The state of the case with regard to the Cyprus surplus revenue seems to me to be this:—

A Syndicate is to be appointed (if the present financial arrangement is carried out) to receive certain revenues to be paid over to a trust fund for the benefit of the bondholders. Amongst these revenues is the surplus revenue of Cyprus, but the Syndicate is only bound to pay over what it receives, and if there is any deficiency in the amount of the revenues assigned to the trust fund (viz., 1,350,000*l.*), the Government is bound to make up the deficiency out of its other resources.

So, if the British Government for any reason sees fit to retain or to cease to pay to Turkey the Cyprus revenue, the Ottoman Government is bound to make up the deficiency to the bondholders. The rights of the British Government are not touched unless it makes itself a party to this agreement.

Probably the agreement, if made, will be notified to the British Government by the Ottoman Government. In such case, I presume the British Government would, in its reply, make all necessary reserves respecting its liability to pay this revenue, and would thus make itself secure from all possible reclamations.

You ask whether the Imperial Ottoman Bank has agreed to the proposed financial arrangement.

We have agreed to take part in it on certain conditions. The proposed arrangement has many grave defects, which I have in vain endeavoured to induce the Government to amend, but it also contains many valuable concessions, which it would be very desirable to secure, and which would lead to improved administration, which gradually might be extended to other measures. It may, perhaps, even be prudent to try the new system of administration on a moderate scale till we have gained experience and proved the result to be good.

I trust, therefore, that the arrangement may be carried out, but I am not very sanguine on this score.

In the first place, I imagine we have to meet all the opposition M. Fournier can raise against it. The arrangement would be as favourable to the French creditors as to the English. I think more so, but it is a case of *amour-propre*. M. Fournier attributes to us the failure of the De Tocqueville scheme, which he supported, but which failed entirely owing to its innate badness, and he now opposes whatever is supported by the Bank.

And, secondly, I doubt the sincerity of the present Ottoman Government. There is such a strong element of intrigue and discord in the Cabinet, not to use stronger terms, that I feel sure of nothing till the signatures are attached; and even then, seeing that most of the honest men are kept at a distance, will the Government continue to honour its signature? Whilst I am writing this I hear that the Government are seizing money at the Custom-house which belongs to the bankers who made certain temporary advances in anticipation of revenue. This while they are urging us to make fresh advances. I am told there was very great excitement at the Palace last night, discord amongst the Cabinet, and changes of Government imminent.

Yours, &c.
(Signed) M. H. FOSTER.

P.S.—Since writing this letter I am informed that there is a question regarding 50,000*l.* in dispute between the Government and Zarifi, who is receiving the Customs revenue at present, so that the seizure of the money at the Customs may regard their claims against Zarifi, and not the other bankers. But this is certain, that they have

threatened to seize our money at the Custom-house, and are actually doing so in the provinces.

M. H. F.

No. 117.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received November* 26.)

(No. 1035.)

Therapia, November 25, 1879.

My Lord,

I HAVE the honour to inclose the official Decree sanctioning the arrangement come to between the Porte, the Imperial Ottoman Bank, and certain bankers of Galata for the settlement of the Public Debt. Your Lordship will perceive that this arrangement is to last for ten years, and that the Decree, being provisional, is declared to leave intact the right of the bondholders.

I have, &c.

(Signed) A. H. LAYARD.

Inclosure in No. 117.

Extract from "La Turquie" of November 24.

Décret.

LE Gouvernement Impérial Ottoman ayant résolu de reprendre, dans la mesure de ses ressources actuelles, le service de sa Dette Publique, extérieure et intérieure, décrète:—

Article 1er. A partir du $\frac{1}{13}$ Janvier, 1880, une annuité de £ T. 1,350,000 sera affectée au service des obligations de la Dette Publique extérieure et de la Dette Publique intérieure.

Art. 2. Cette annuité sera consacrée au paiement d'un intérêt semestriel sur le montant nominal des obligations. Le premier paiement aura lieu le $\frac{1}{13}$ Juillet, 1880.

Art. 3. L'annuité de £ T. 1,350,000 est assurée et garantie:—

(1.) Par les stipulations de la Convention passée, en date de ce jour, entre le Gouvernement Impérial, d'une part, et la Banque Impériale Ottomane et MM. Foster, E. Deveaux, Von Haas, Georges Zarifi, Salomon Fernandez, Bernard Tubini, Eustache Eugénidis, Théodore Mavrocordato, Vlasto, Barker, Stéfanovich, Léonidas Zarifi, et Georges Coronio, d'autre part, suivant lesquelles le revenu net annuel des monopoles et impôts des tabacs, sels, spiritueux, timbre, soies, et poissons, après prélèvement de £ T. 1,100,000, appartiendra aux porteurs d'obligations et sera versé entre les mains de leurs représentants par l'entremise de la Banque Impériale Ottomane.

(2.) Par le revenu annuel de l'Ile de Chypre et de la Roumélie Orientale qui est, dès ce jour, et par l'effet du présent Décret, cédé intégralement aux porteurs d'obligations pour une durée de dix années;

Le tout jusqu'à concurrence de £ T. 1,350,000.

En cas d'insuffisance, l'annuité sera complétée, d'abord, au moyen des affectations supplémentaires constituées par l'Article 4 ci-après, et au besoin par d'autres ressources du Trésor Impérial.

Art. 4. Indépendamment de l'annuité de £ T. 1,350,000, constitué comme il est dit plus haut, le Gouvernement Impérial attribue, dès ce jour et d'une manière irrévocable, aux porteurs des obligations de la Dette Publique intérieure et extérieure:—

(1.) Le tribut de la Principauté de Bulgarie et toute somme revenant au Gouvernement Impérial comme part contributive de la Serbie, du Monténégro, et de la Bulgarie dans la Dette Publique Ottomane;

(2.) Le tiers du produit net de tout impôt qui viendrait à être établi dans l'avenir;

(3.) Le tiers du produit de l'élévation du droit de douane pouvant résulter de la révision des Traités de Commerce;

(4.) Le montant de la différence entre le produit du droit du "temettu" et le produit du droit de patente lorsque la loi des patentes sera mise en vigueur.

Le produit des quatre attributions servira, en premier lieu, à parfaire, le cas échéant, l'annuité fixé de £ T. 1,350,000, et, en second lieu, à servir un intérêt supplémentaire aux obligations de la Dette Publique intérieure et extérieure.

Art 5. Le Gouvernement Impérial déterminera, dans un règlement spécial qui sera arrêté avec les représentants des porteurs d'obligations:—

(1.) La répartition de l'annuité fixé de £ T. 1,350,000 et des annuités supplémentaires entre les différentes catégories d'obligations de la Dette Publique intérieure et extérieure.

(2.) Le mode de versement de l'annuité et du service semestriel.

Art. 6. Les effets du présent Décret sont limités à dix années, à l'expiration desquelles un nouveau Décret fixera les conditions définitives du service de l'intérêt et de l'amortissement de la Dette Publique intérieure et extérieure.

Le présent Décret n'ayant qu'un caractère provisoire, laisse intacts les droits des porteurs d'obligations.

Le Gouvernement Impérial s'interdit formellement de suspendre ou de modifier avant l'expiration de la dixième année les dispositions du présent Décret, si ce n'est du consentement et avec le concours des porteurs d'obligations de la Dette Publique intérieure et extérieure.

Sublime Porte, le $\frac{19}{25}$ *Novembre*, 1879.

No. 118.

Lord Lyons to the Marquis of Salisbury.—(*Received December* 4.)

(No. 1195.)

Paris, December 3, 1879.

My Lord,

M. WADDINGTON told me this afternoon that he did not himself approve the last financial scheme of the Porte, and that it seemed to be extremely unacceptable to the creditors of Turkey.

He had not, he said, directed M. Fournier to make a formal protest against it, but he had instructed him to take every precaution to prevent its being prejudicial to the rights of the French bondholders.

M. Waddington added that he had, in particular, desired M. Fournier to maintain the rights of the Powers with regard to the International Financial Commission provided for at the Congress of Berlin.

I have, &c.

(Signed) LYONS.

No. 119.

Lord Tenterden to Sir R. Lingen.

Foreign Office, December 5, 1879.

Sir,

I AM directed by the Marquis of Salisbury to transmit to you a copy of a despatch which has been received from Her Majesty's Ambassador at Constantinople, forwarding copies of a Decree which has been issued by the Porte, and by which an annual sum of £ T. 1,350,000 is assigned to the service of the Ottoman Public Debt.*

I am further to inclose a draft of a despatch which Lord Salisbury proposes to address to Sir H. Layard with reference to the announcement made in Article 3 of the Decree that the revenue of the Island of Cyprus is ceded integrally to the holders of obligations for a period of ten years, as one of the securities for the payment of this sum.

I am to request that you will lay these papers before the Lords Commissioners of Her Majesty's Treasury, and will request them to inform Lord Salisbury, at their earliest convenience, whether they concur in the terms of the proposed instruction.

I am, &c.

(Signed) TENTERDEN.

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* No. 117.

No. 120.

Sir A. H. Layard to the Marquis of Salisbury.—(Received December 9.)

(No. 1056.)

Pera, December 1, 1879.

My Lord,

I HAVE the honour to inclose copy of a Circular note from the Sublime Porte communicating a copy of the Decree sanctioning the arrangement recently come to with the Imperial Ottoman Bank and certain bankers of Galata for the settlement of its foreign and interior debts. Your Lordship will perceive that Sawas Pasha states that this arrangement, without requiring that the bondholders should renounce their rights, has secured to them provisionally the immediate enjoyment of a fixed annual payment, the amount of which will be sensibly increased within a very short time. His Excellency requests me to communicate this Decree to British subjects residing in Turkey or elsewhere. The only means I have of doing so is to have it published in the local newspapers, where, however, it will appear as a matter of course.

I have, &c.

(Signed) A. H. LAYARD.

Inclosure 1 in No. 120.

Sawas Pasha to Sir A. H. Layard.

M. l'Ambassadeur,

Sublime Porte, le 1er *Décembre*, 1879.

LA Sublime Porte, dans le double but de pourvoir aux besoins pressants du Trésor Impérial et de reprendre dans la limite de ses moyens le service de sa Dette Publique intérieure et extérieure, conformément à la volonté formement exprimé de Sa Majesté Impériale le Sultan, vient de réaliser les mesures suivantes :—

1. Une Convention est intervenue entre l'État, la Banque Ottomane, et d'autres banquiers concernant l'affermage, l'administration, et l'emploi des revenus de certaines branches des Contributions Indirectes.

2. La Sublime Porte a rendu un Décret qui, sans exiger des porteurs d'obligations de la Dette Publique intérieure et extérieure l'abandon d'aucun de leurs droits, leur assure à titre provisoire la jouissance immédiate d'une annuité fixe dont le montant pourra être sensiblement augmenté dans un temps prochain.

Ces deux actes, qui se complètent l'un l'autre, étant de nature à intéresser un grand nombre d'étrangers, j'ai l'honneur de les communiquer à votre Excellence par copie ci-jointe en annexe, en la priant de vouloir bien les porter à la connaissance de ses nationaux tant de l'intérieur que de l'extérieur de l'empire.

Veuillez, &c.

(Signé) SAWAS.

Inclosure 2 in No. 120.

Décret.

LE Gouvernement Impérial Ottoman ayant résolu de reprendre, dans la mesure de ses ressources actuelles, le service de sa Dette Publique extérieure et intérieure, décrète :—

Article 1er. A partir du $\frac{1}{13}$ Janvier, 1880, une annuité de £ T. 1,350,000 sera affectée au service des obligations de la Dette Publique extérieure et de la Dette Publique intérieure.

Art. 2. Cette annuité sera consacrée au paiement d'un intérêt semestriel sur le montant nominal des obligations. Le premier paiement aura lieu le $\frac{1}{13}$ Juillet, 1880.

Art. 3. L'annuité de £ T. 1,350,000 est assurée et garantie :—

1. Par les stipulations de la Convention passée, en date de ce jour, entre le Gouvernement Impérial, d'une part, et la Banque Impériale Ottomane et MM. Foster, E. Deveaux, Von Haas, Georges Zarifi, Salomon Fernandez, Bernard Tubini, Eustache Eugénidis, Théodore Mavrocordato, Vlasto, Barker, Stéfanovich, Léonidas Zarifi et Georges Coronio, d'autre part, suivant lesquelles le revenu net annuel des monopoles et impôts des tabacs, sels, spiritueux, timbre, soies et poissons, après prélèvement de

£ T. 1,100,000, appartiendra aux porteurs d'obligations et sera versé entre les mains de leurs représentants par l'entremise de la Banque Impériale Ottomane.

2. Par le revenu annuel de l'Ile de Chypre et de la Roumélie Orientale qui est, dès ce jour, et par l'effet du présent Décret, cédé intégralement aux porteurs d'obligations pour une durée de dix années.

Le tout jusqu'à concurrence de £ T. 1,350,000.

En cas d'insuffisance, l'annuité sera complétée, d'abord, au moyen des affections supplémentaires constituées par l'Article 4 ci-après, et au besoin par d'autres ressources du Trésor Impérial.

Art. 4. Indépendamment de l'annuité de £ T. 1,350,000, constituée comme il est dit plus haut, le Gouvernement Impérial attribue, dès ce jour et d'une manière irrévocable, aux porteurs des obligations de la Dette Publique intérieure et extérieure :—

1. Le tribut de la Principauté de Bulgarie et toute somme revenant au Gouvernement Impérial comme part contributive de la Serbie, du Monténégro, et de la Bulgarie dans la Dette Publique Ottomane.

2. Le tiers du produit net de tout impôt qui viendrait à être établi dans l'avenir.

3. Le tiers du produit de l'élévation du droit de douane pouvant résulter de la révision des Traités de Commerce.

4. Le montant de la différence entre le produit du droit du temettu et le produit du droit de patente lorsque la Loi des Patentes sera mise en vigueur.

Le produit de ces quatre attributions servira, en premier lieu, à parfaire, le cas échéant, l'annuité fixe de £ T. 1,350,000, et en second lieu, à servir un intérêt supplémentaire aux obligations de la Dette Publique intérieure et extérieure.

Art 5. Le Gouvernement Impérial déterminera, dans un règlement spécial qui sera arrêté avec les représentants des porteurs d'obligations :—

1. La répartition de l'annuité fixe de £ T. 1,350,000 et des annuités supplémentaires entre les différentes catégories d'obligations de la Dette Publique intérieure et extérieure.

2. Le mode de versement de l'annuité et du service semestriel.

Art. 6. Les effets du présent Décret sont limités à dix années, à l'expiration desquelles un nouveau Décret fixera les conditions définitives du service de l'intérêt et de l'amortissement de la Dette Publique intérieure et extérieure.

Le présent Décret n'ayant qu'un caractère provisoire, laisse intacts les droits des porteurs d'obligations.

Le Gouvernement Impérial s'interdit formellement de suspendre ou de modifier, avant l'expiration de la dixième année, les dispositions du présent Décret, si ce n'est du consentement et avec le concours des porteurs d'obligations de la Dette Publique intérieure et extérieure.

Sublime Porte, le $\frac{19}{1}$ *Novembre*, 1879.

Inclosure 3 in No. 120.

Convention.

CONVENTION entre le Gouvernement Impérial Ottoman, représenté par son Altesse Said Pacha, Premier Ministre, et son Excellence Edib Effendi, Ministre des Finances, et agissant en exécution de l'Iradé Impérial en date du 7 Zilhidjé, 1296 (10 Novembre, 1879, v. s.), d'une part ;

Et MM. M. H. Foster, Emile Deveaux, et J. von Haas, agissant pour la Banque Impériale Ottomane et son groupe ;

MM. Georges Zarifi, Salomon Fernandez, Bernard Tubini, Eustache Eugénidi, Théodore Mavrocordato, A. Vlasto, A. Barker, Z. Stéfanovich, Léonidas Zarifi, Georges Coronio, Ulysse Négroponte, et Paul Stéfanovich-Schilizzi, d'autre part ;

Ont été faites les Conventions suivantes :

ARTICLE I.

Le Gouvernement Impérial donne à bail à MM. M. H. Foster, Emile Deveaux, J. von Haas, Georges Zarifi, Salomon Fernandez, Bernard Tubini, Eustache Eugénidi, Théodore Mavrocordato, A. Vlasto, A. Barker, Z. Stéfanovich, Léonidas Zarifi, Georges Coronio, Ulysse Négroponte et Paul Stéfanovich-Schilizzi, qui l'acceptent, la perception durant dix années, commençant le $\frac{1}{13}$ Janvier, 1880, et finissant le $\frac{1}{13}$ Janvier, 1890, de l'impôt du timbre (varaka-sahiha) et de l'impôt miriyé et rouhsatiyé des spiritueux des

vilayets de l'empire énumérés à la liste ci-annexée, sauf les droits de douane perçus sur les spiritueux ; de l'impôt de pêche de Constantinople et de sa banlieue, suivant détail figurant dans la liste y relative, et de la dime des soies de la banlieue de Constantinople, ainsi que d'Andrinople, de Brousse et de Samsoun, suivant détail consigné dans la liste y relative, et sauf les droits de Douane perçus sur les soies.

ARTICLE II.

Le prix annuel du fermage, pour toute la durée du bail, sera égal au revenu net, en bechlik et métallique, de l'année courant du $\frac{1}{13}$ Mars, 1879, au $\frac{1}{13}$ Mars, 1880, des quatre contributions précitées, majoré de 10 pour cent.

Ce revenu net sera établi le 14 Août prochain par le chiffre des recettes en bechlik et métallique, diminué de la somme représentant la partie des frais généraux de perception applicable à ces quatre contributions.

Le prix du bail sera payé en bechlik et métallique par les contractants de deuxième part, par douzièmes mensuels échus.

Tout excédant des recettes nettes sur le prix du bail sera partagé par égales portions entre l'Etat et les contractants.

ARTICLE III.

Les quatre contributions données à bail seront perçues par les contractants, d'après les Tarifs et Règlements y relatifs, actuellement existants, et qui ne pourront être modifiés que d'un commun accord.

Les timbres mobiles et papiers timbrés nécessaires au service seront confectionnés et fournis par le Gouvernement aux Contractants de deuxième part sous la surveillance et aux frais de ces derniers.

Dans l'intervalle des frappages, les machines et outils servant au timbrage seront tenus sous double clefs, dont l'une restera entre les mains du Gouvernement et l'autre entre celles des Contractants de deuxième part.

Lors de la cessation du bail, toutes les pièces qui se trouveraient entre les mains des Contractants seront restituées par eux au Gouvernement.

Le Gouvernement Impérial prêtera, conformément aux règles en vigueur, toute son assistance aux Contractants de deuxième part pour la perception des impôts affermés et tiendra compte de toute proposition qui lui serait faite par les Contractants, soit en vue d'assurer la stricte application des Règlements existants, soit en vue d'y introduire les modifications que l'on jugerait nécessaires à l'effet d'améliorer le mode de perception de ces impôts.

ARTICLE IV.

La surveillance de l'Etat sur l'Administration des fermiers s'exercera au moyen de Contrôleurs nommés par la Sublime Porte.

Ces Contrôleurs examineront les livres, mais ils n'auront pas le droit de s'immiscer dans l'administration des fermiers.

Les Contractants se réservent la faculté, soit de se constituer en Société pour l'exploitation de la ferme des quatre impôts, soit de céder leur bail à des tiers ; mais, dans l'un et l'autre cas, ils resteront directement responsables envers le Gouvernement Impérial.

ARTICLE V.

Le Gouvernement Impérial confie aux Contractants dénommés dans l'Article 1er des présentes, pour une durée de dix années, à partir du $\frac{1}{13}$ Janvier, 1880, l'administration, au nom et pour le compte de l'Etat, du monopole du sel et du tabac produits ou consommés dans les vilayets de l'Empire, énumérés dans la liste ci-annexée, et sauf la dime du tabac.

L'Etat exercera son contrôle sur cette administration au moyen d'Inspecteurs nommés par lui et accrédités auprès des Administrateurs et partout où besoin sera.

Ces Inspecteurs auront le droit d'examiner les livres et de vérifier les Caisses des dits monopoles, mais ils ne pourront s'immiscer dans leur administration.

ARTICLE VI.

Les modifications que le Gouvernement ou les Contractants de deuxième part croiraient devoir apporter dans le régime de l'un ou de l'autre monopole, seront arrêtées d'un commun accord entre eux.

ARTICLE VII.

Le service de surveillance et de police, tant pour les impôts affermés que pour les monopoles administrés par les Contractants, sera fait par le personnel du Gouvernement.

Les Contractants de deuxième part auront le droit de soumettre leurs observations au Gouvernement pour lui signaler, le cas échéant, l'incapacité ou l'insuffisance de ce personnel ; le Gouvernement s'engage à prendre ces observations en sérieuse considération.

Tous les appointements du personnel, ainsi que tous les frais des bureaux placés dans l'intérieur et sur le littoral et chargés exclusivement de la perception des six impôts qui font l'objet de la présente Convention, seront payés par le produit de ces impôts, dans la mesure des débours occasionnés par chacun d'eux.

Quant aux frais et aux traitements des préposés de surveillance et de police des douanes, tant des frontières que du littoral, qui se trouvent chargés simultanément de la surveillance des droits de douane et des impôts précités, ils seront remboursés par les directions des ces douanes et par l'administration des six impôts, dans les proportions de 55 pour cent pour l'administration de ces impôts, et de 45 pour cent pour les susdites directions douanières.

Les Contractants se réservent le droit d'avoir à leur service des surveillants secrets chargés de leur signaler les fraudes qu'ils pourraient découvrir concernant, soit les impôts affermés, soit le monopole du sel et du tabac.

Il demeure bien entendu que ces surveillants recevront, selon l'usage, la part qui leur revient sur les amendes et les doubles droits perçus des contrevenants, d'après les règlements en vigueur.

Le Gouvernement Impérial s'engage à punir ces fraudes dès qu'elles lui seront signalées par les Contractants, d'après les dispositions des lois en vigueur et selon la gravité du délit constaté.

ARTICLE VIII.

Le produit annuel, tant du fermage des quatre impôts, que du revenu net du monopole des sels et du tabac, recevra l'attribution fixe et invariable suivante :—

1. Les Contractants de deuxième part prélèveront, sur les recettes de chaque trimestre, une somme de £ T. 275,000, qu'ils appliqueront au remboursement, en principal et intérêts, des créances suivantes, savoir :

	£ T.
Montant approximatif de la créance de M. G. Zarifi, garantie par les douanes, avec les intérêts au $\frac{1}{13}$ Janvier, 1880	690,000
Montant approximatif de la créance de MM. Salomon Fernandez, Alfred Barker, et leurs co-contractants, provenant des traites émises sur les douanes, avec les intérêts au $\frac{1}{13}$ Janvier, 1880	1,800,000
Montant approximatif de la créance de la Banque Impériale Ottomane, garantie par les Contributions Indirectes et issant de l'avance de £ T. 1,050,000 de la dite banque, avec les intérêts au $\frac{1}{13}$ Janvier, 1880	860,000
Montant approximatif de l'excédant du compte-courant statutaire de la Banque Impériale Ottomane, avec les intérêts au $\frac{1}{13}$ Janvier, 1880	1,750,000
Montant approximatif de la créance de la Banque Impériale Ottomane, provenant des Grandes Avances Unifiées, avec les intérêts au $\frac{1}{13}$ Janvier, 1880.	3,625,000
Total	8,725,000

lesquelles créances porteront intérêt à raison de 8 pour cent l'an, à partir du $\frac{1}{13}$ Janvier, 1880.

Cette somme de £ T. 275,000 sera répartie entre les créances ci-dessus indiquées, suivant l'accord qui interviendra entre les propriétaires de ces créances.

2. Ce prélèvement trimestriel de £ T. 275,000 opéré, le surplus appartiendra aux porteurs d'obligations de la Dette Publique intérieure et extérieure, et les Contractants de deuxième part le verseront, par l'entremise de la Banque Impériale Ottomane, entre les mains des représentants des dits porteurs, désignés par le Gouvernement Impérial, en y comprenant les revenus de Chypre et de la Roumélie Orientale, et ce, jusqu'à concurrence de la somme annuelle de £ T. 1,350,000, montant de l'annuité attribuée au service de la Dette Publique par Décret du Gouvernement Impérial en date de ce jour.

ARTICLE IX.

Dans le cas où le Gouvernement Impérial augmenterait les droits actuellement établis pour la perception des quatre impôts donnés à bail, tout l'excédant provenant de cette

augmentation, comparativement au produit de l'année qui aurait précédée celle de l'augmentation précitée reviendra au Gouvernement Impérial, après déduction de 10 pour cent, à titre de frais de perception.

ARTICLE X.

Les comptes et imputations, prescrits par l'Article VIII, s'opéreront à la fin de chaque trimestre, en tenant compte au Trésor des intérêts de retour qui doivent lui revenir, à raison de 8 pour cent l'an, sur les versements mensuels des quatre impôts dont il est parlé à l'Article II.

Les Contractants de deuxième part tiendront également compte au Trésor d'un intérêt de retour, calculé au même taux de 8 pour cent l'an, sur les prélèvements faits par eux, chaque quinzaine, dans les recettes du monopole du sel et du tabac, et ce, jusqu'à ce que la somme trimestrielle de £ T. 275,000, soit complétée.

La conversion en livres Turques des monnaies provenant des quatre impôts affermés, sera faite à la fin de chaque mois, et celle des monnaies provenant des deux impôts administrés, chaque quinzaine, par les soins des Contractants de deuxième part, d'accord avec le Trésor Impérial.

La Banque Impériale Ottomane achètera, d'accord avec le Trésor Impérial et au mieux de ses intérêts, des traites pour le montant du solde de recettes qui devra être remis à la dite Banque, aux termes de l'Article VIII pour le service de la Dette Publique.

Si, à l'expiration du quatrième trimestre d'un exercice annuel, le montant total net des recettes de cet exercice excède la somme de £ T. 2,450,000, y compris les revenus de Chypre et de la Roumélie Orientale, cet excédant reviendra au Trésor Impérial.

ARTICLE XI.

Dans le cas où, à l'expiration des dix années, c'est-à-dire à la date du $\frac{1}{13}$ Janvier, 1890, les créances énumérées à l'Article VIII ne seraient pas intégralement remboursées en capital et intérêts, toutes les stipulations de la présente Convention resteront en vigueur jusqu'à l'extinction complète des dites créances, sauf pour ce qui concerne le prix annuel du fermage qui sera établi, sans majoration, sur la base du produit net des quatre impôts pour la dernière année.

ARTICLE XII.

Toutes les stipulations de la présente Convention, et notamment celles qui concernent l'affermage des quatre impôts, l'administration du monopole des sels et du tabac, et l'affectation de leur produit au remboursement des sommes dues par le Gouvernement Impérial, suivant l'Article VIII, sont irrévocables et incommutables, sauf le cas prévu par l'Article XIII ci-après, et ne pourront être modifiées ou suspendues en quelque circonstance, et pour quelque cause que ce soit.

En considération de cette condition formelle, et par l'effet de la présente Convention, les revenus de l'Administration Générale des Contributions Indirectes, autres que ceux qui font l'objet du présent arrangement, seront, a partir du $\frac{1}{13}$ Janvier, 1880, entièrement dégagés, et rendus libres au Gouvernement Impérial.

Les Contractants de l'avance de £ T. 1,660,000 conclue par contrat en date du 20 Novembre / 2 Décembre 1878, s'engagent à déposer, à la date du $\frac{1}{13}$ Janvier, 1880, chez la Banque Impériale Ottomane, en paquets cachetés par les deux parties, et préalablement vérifiés par le Trésor, la totalité des traites émises sur la Direction Générale des Douanes et Contributions Indirectes; lesquelles traites seront, au fur et à mesure des remboursements proportionnels faits d'après la présente Convention, à valoir sur les £ T. 1,800,000 énoncées à l'Article VIII, libérées et restituées au Gouvernement Impérial par la dite Banque, en présence des deux parties, et en proportion du montant de chaque remboursement effectué.

La Banque Impériale Ottomane sera également tenue de restituer, à la même date, au Gouvernement Impérial, les caïmés formant le nantissement des Grandes Avances Unifiées, pour être annulés et incinérés.

ARTICLE XIII.

Le Gouvernement Impérial, par dérogation à l'Article précédent, conserve le droit de mettre fin, avant l'expiration des dix années, aux stipulations de la présente Convention, et ce, sous les deux conditions essentielles et péremptoires suivantes :—

1. Que les créances énumérées à l'Article VIII soient intégralement remboursées, en capital et intérêts :—

2. Qu'un nouveau règlement plus avantageux aux porteurs d'obligations de la Dette Publique intérieure et extérieure que l'arrangement actuel résultant, tant de la présente Convention que du Décret Impérial en date de ce jour, soit intervenu entre le Gouvernement Impérial et les susdits porteurs d'obligations.

Dans le cas où ces deux conditions seraient remplies, la présente Convention sera résiliée.

Il demeure entendu que, si cette résiliation avait lieu dans le courant d'une année quelconque, les stipulations de la présente Convention, en ce qui concerne le fermage des quatre impôts, continueraient à être en vigueur jusqu'à la fin du mois de Décembre de la dite année.

Cette éventualité venant à se réaliser, le Gouvernement Impérial s'engage à payer aux contractants-fermiers sus-dénommés :—

1. Une indemnité pour les appointements à courir revenant à des fonctionnaires engagés par contrats non-échus.

2. Les autres débours extraordinaires, et justifiés par des pièces régulières.

Il est toutefois stipulé que ce paiement ne saurait excéder les 3 pour cent, une fois payés, du prix du bail d'une seule année.

ARTICLE XIV.

Toute contestation qui viendrait à surgir entre le Gouvernement Impérial et les Contractants, au sujet de l'interprétation ou de l'exécution de la présente Convention, sera soumise au jugement de quatre Arbitres, nommés de part et d'autre; lesquels Arbitres éliront un Sur-Arbitre pour le cas départager, les échéant.

Le jugement arbitral sera souverain et inappelable.

ARTICLE XV.

La présente Convention sera communiquée, par la Sublime Porte, aux Missions étrangères à Constantinople.

Fait en double exemplaire, à Constantinople, le 7 Zilhidjé, 1296, soit le $\frac{19}{31}$ Novembre, 1879.

No. 121.

Mr. Hamond to the Marquis of Salisbury.—(*Received December* 10.)

Newcastle-on-Tyne, December 8, 1879.

My Lord,

THE public press has announced that the Porte is concluding a financial Convention for ten years with the Ottoman Bank and Galata bankers, and the same is to be communicated to the Ambassadors of the Great Powers.

It is reported that this Convention includes hypothecated securities which are the property of the bondholders of the Loan of 1862.

As Chairman of the Committee of this loan, I earnestly protest against such a scheme of spoliation and wrong-doing, and hope that our Ambassador at Constantinople has already energetically opposed the same.

We have witnessed with patience, and without a murmur, the most powerful measures taken by our Government to prevent a collapse of Egyptian finance: first a Special Commissioner appointed, then Ministers of Finance and Public Works, culminating in the forced abdication of the Khedive, care being taken that a successor should be appointed, so as not to jeopardize those loans of Turkey having the Egyptian tribute as their security; and, further, a new loan has been issued under the auspices of the French and English Governments, and Controllers from those two countries at this moment virtually dominate over the finances of Egypt; and the whole of this watchful solicitude and active interference has been taken by our Government without the English creditors of Egypt having a single claim upon its honour and good faith.

But, my Lord, how stands the claims of the bondholders of the 1862 Loan upon the Government for their active interference and support, after suffering Turkey's default for four years?

I must recall to your Lordship's attention the Memorial of the 11th October, 1878, which I had the honour to forward you on their behalf; and permit me to state these

claims as succinctly as I can, which I feel justify my asking the support of the existing Government against the proposed attempt of the spoliation of our property.

On the 14th March, 1862, Mr. Layard, Under Secretary of State for Foreign Affairs, formally and officially brought under the notice of the House of Commons the Loan of 1862, and informed the House that, "for the regular and punctual payment of the dividends, the English Government had recommended to the Porte the creation of new taxes on tobacco and salt."

On the 15th March, the day following, Lord John Russell, as Secretary of State for Foreign Affairs, supplemented this statement by writing an official letter stating the loan "was under the direct cognizance and favour of the Government."

On the 22nd March a contract was entered into by the Porte with the Ottoman Bank and Messrs. C. Devaux and Co. for the issue of this loan, "specially and irrevocably" hypothecating the new taxes of "tobacco and salt" (created for this very purpose), and also those of "stamps and patents, for the due and punctual payment of the dividends of this loan; and that the said revenues should be more effectually pledged and secured for this purpose, a Commission on behalf of the bondholders should be appointed at Constantinople to receive the whole, and, after retaining the sum of 640,000*l.* for its annual service, to pay over the balance to the Sublime Porte."

On the 7th and 8th April a Firman and Letters-Patent from the Sultan were further issued, directing "the formation of this Commission, whose expenses were to be paid out of the taxes so received." Under this official sanction of our Government and the above engagements of the Porte, the loan was naturally readily subscribed for by the public, and then, to give it a further official character, the Government took the responsibility of sending out to Constantinople two Commissioners (Lord Hobart and Mr. M. Foster), under whose supervision and control the proceeds of the loan were applied to those purposes, as stated by Mr. Layard in his official statement to the House of Commons on the 14th March, 1862.

Although the Ottoman Bank and Messrs. C. Devaux and Co. knew well the engagements they entered into on the 22nd March, 1862, for the appointment of the Commission at Constantinople to receive the hypothecated revenues, yet they appear to have been content with their profits and commission, and to ignore their duty to the bondholders; in fact, when, by the active interference of Sir Henry Elliot, under the direction of Earl Granville, the Porte, in August 1870, nominated three Commissioners on their part, it was the uncalled-for interference of the Ottoman Bank which prevented the settlement of the same, and rendered abortive Sir Henry's exertions; and I am informed that the Bank has frequently advanced money to the Porte, at high rates of interest, upon these very securities, it was their duty to have seen handed over years ago to those loans to whom they belonged.

I may remark, for your Lordship's grave consideration, that this Mr. M. Forster, the Commissioner, is now, and has been for years past, the Managing Director of the Ottoman Bank at Constantinople; and the Mr. Layard, formerly Chairman of the London Board of this Bank, and who introduced this loan officially to the House of Commons as Under Secretary of State, is now Sir H. Layard, the English Ambassador at Constantinople; and no two gentlemen know better the just rights of the 1862 bondholders to those securities proposed to be assigned so improperly and unjustly to the Ottoman Bank and Galata bankers, both being irresponsible bodies, not amenable to the laws of England; and I may mention that the Ottoman Bank is a limited Company, its shares being payable to bearer; and its balance-sheet published in June 1878 showed that the Porte's liabilities to the Bank were the enormous sum of 4,922,105*l.*, in addition to the large sum of 619,159*l.* "as participations in advances to the Porte." Any comment on this would be superfluous on my part.

My Lord, I have now stated our claims to your good offices and to the active support of Her Majesty's Government in protecting our rights and interests as acknowledged to, and confirmed by, the Great Powers of Europe at the Congress of Berlin, but now attempted to be set aside, or treated with contempt and indifference.

May I then ask your Lordship to suffer no delay to take place in demanding for the Loan of 1862 that the Firman and Letters-Patent of the 7th and 8th April, 1862, shall be firmly carried out, and a Commission appointed at Constantinople on behalf of the bondholders "to receive those revenues specially and irrevocably hypothecated to us."

I have, &c.

(Signed) CHAS. FRED. HAMOND,
Chairman of the Committee of the 1862 Turkish Loan.

No. 122.

Sir R. Lingen to Lord Tenterden.—(Received December 10.)

My Lord, *Treasury Chambers, December 9, 1879.*

THE Lords Commissioners of Her Majesty's Treasury have had under consideration Sir Julian Pauncefote's letter of the 12th September last, and your Lordship's letter of the 6th instant, on the subject of the expenses connected with Mr. E. F. Harrison's mission to Constantinople, to inquire into the financial condition of the Ottoman Empire, and I am directed by my Lords to request you to inform the Secretary of State that they agree to a charge against the appropriate head of the Foreign Office vote for the sum of 2,686*l.* 18*s.* 4*d.*

With regard to the reasons which are stated in the letter under reply for thus charging the expenses of Mr. Harrison's mission, my Lords offer no remarks upon such of them as are confined to the general foreign policy of this country, which the Secretary of State, *ex officio*, directs, but with regard to such of them as refer to the interests of individual British creditors, except so far as the reference applies to the creditors of 1854, whose case is peculiar, my Lords think it necessary, and within their province, to put on record that, in their judgment, it would be a dangerous precedent to admit that the British Government was bound so to regard the interests of purely voluntary lenders as to justify it in undertaking official investigations into the finances of foreign States.

I have, &c.

(Signed) R. R. W. LINGEN.

No. 123.

Sawas Pasha to Musurus Pasha.—(Communicated to the Marquis of Salisbury by Musurus Pasha, December 13.)

M. l'Ambassadeur, *Sublime Porte, le 4 Décembre, 1879.*

POUR faire suite à ma dépêche télégraphique du 26 Novembre, j'ai l'honneur de vous transmettre, ci-joint, le texte du Décret concernant le service de la Dette Publique Intérieure et Extérieure et de la Convention passée entre le Gouvernement Impérial, la Banque Ottomane, et les principaux banquiers de Galata.

Je joins également à cette expédition copie de la note Circulaire que je viens d'adresser à MM. les Représentants des Puissances étrangères à Constantinople, pour leur communiquer les deux documents sus-mentionnés.

Veuillez, &c.

(Signé) SAWAS.

Inclosure in No. 123.

Sawas Pasha to Foreign Representatives at Constantinople.

(Circulaire.) *Le 1er Décembre, 1879.*

LA Sublime Porte, dans le double but de pourvoir aux besoins pressants du Trésor Impérial et de reprendre, dans la limite de ses moyens, le service de sa Dette Publique Intérieure et Extérieure, conformément à la volonté fermement exprimée de Sa Majesté Impériale le Sultan, vient de réaliser les mesures suivantes:—

1. Une Convention est intervenue entre l'Etat, la Banque Ottomane, et d'autres banquiers, concernant l'affermage, l'administration, et l'emploi des revenus de certaines branches des Contributions Indirectes.

2. La Sublime Porte a rendu un Décret, qui, sans exiger des porteurs d'obligations de la Dette Publique Intérieure et Extérieure l'abandon d'aucun de leurs droits, leur assure à titre provisoire la jouissance immédiate d'une annuité fixe dont le montant pourra être sensiblement augmenté dans un temps prochain.

Ces deux Actes, qui se complètent l'un l'autre, étant de nature à intéresser un grand nombre d'étrangers, j'ai l'honneur de les communiquer à votre Excellence par copie ci-jointe en annexe, en la priant de vouloir bien les porter à la connaissance de ses nationaux tant de l'intérieur que de l'extérieur de l'Empire.

Veuillez agréer, &c.

No. 124.

Mr. Lister to Mr. C. F. Hamond.

Foreign Office, December 13, 1879.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 8th instant, calling his Lordship's attention to a financial arrangement which has recently been concluded by the Porte with the Ottoman Bank and Galata bankers.

I am, &c.

(Signed) T. V. LISTER.

No. 125.

Mr. Guedella to the Marquis of Salisbury.—(Received December 16.)

26, *Norfolk Crescent, Hyde Park, London, December* 1879

My Lord,

THE Porte has just concluded a most iniquitous financial Convention for ten years with the Ottoman Bank and the Galata bankers. As Chairman of the English Committee of the General Debt of Turkey (5 per cent., amounting to 86,000,000*l.* sterling), and on behalf of the Rev. W. Hodgson, M.A. (Vice-President of the General Committee of Turkish Bondholders), I strongly protest against the miserable pittance of 1,350,000*l.* set aside for them annually out of the revenues on tobacco, salt, spirits, stamps, silk, and fish, which were hypothecated to the bondholders of all the numerous loans contracted from 1858 to 1874, and also against the confiscation *in toto* of the custom duties and other securities by the Turkish Government towards their own urgent immediate wants, without even the usual courtesy of previously consulting the various Committees in England, France, Belgium, Holland, and Italy.

Mr. C. F. Hamond, M.P., has already sent you, my Lord, a protest on behalf of one loan (that of 1862), and various other protests have no doubt reached you from the 1858 and 1872 holders, but all seem to lose sight of the fact that the various securities and mortgages originally granted them have not been for years respected more than those involved in all the other categories of secured loans. Turkey, having suspended payment and not paid interest for four years, she cannot make any partial and special arrangement in favour of this or that loan. The bondholders of 1858 and 1862 loans are to be pitied less than any of the rest, as they have, my Lord, received half the amount of their capital by a sinking fund, and received interest double the amount of their invested capital.

Not one of the dividends of the various loans has ever been paid out of the special securities hypothecated, but entirely out of the general revenue or borrowed money.

The 1,350,000*l.* per annum offered by the Turkish Government will only give ½ per cent. interest per annum to the various loans, instead of 5*l.* and 6*l.* interest annually, exclusive of sinking funds. We are unanimous in our decision not to accept this composition, but with a view to assist Turkey, and animated by a sincere desire to promote her future welfare, from a conviction that her temporary ruin has been brought about by syndicates of money-lenders, who have made thereby princely fortunes, I suggest as an equitable basis of settlement for all the loans, that the annual interest of 1 per cent. annually be paid for five years to the general debt 5 per cent., 1½ to the 6 per cent. 1865, 1869, 1873, and 2 to the A. B. C. Treasury loans 1872 and to the 1858 and 1862 loans, and at the end of that term a fresh arrangement to be made. The arrears of coupons varying from 21*l.* 5*s.* and 25*l.* 10*s.* to 34*l.* might be funded into a deferred stock, to be paid by the Turkish Government in lands, mines, and forests belonging to them, to be handed over to an International Commission selected and appointed by the bondholders.

My Lord, I have now stated sufficient to warrant me to hope that your Lordship will (as the French Government have already done) give us active support by instructing Sir A. H. Layard to protect our rights and interests now endeavoured to be set aside, but which were acknowledged and confirmed by the Great Powers at the Congress at Berlin.

I have, &c.

(Signed) H. GUEDELLA.

No. 126.

Sir R. Lingen to Lord Tenterden.—(Received December 22.)

Treasury Chambers, December 20, 1879.

My Lord,

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 5th instant, inclosing copy of a Decree which has been issued by the Porte respecting the Ottoman Public Debt, and forwarding copy of a draft of a despatch which Lord Salisbury proposes to address to Sir Henry Layard with reference to the announcement made in Article 3 of that Decree, that the revenue of the Island of Cyprus is ceded integrally to the holders of obligations for a period of ten years as one of the securities for the annual sum assigned to the service of the Ottoman Public Debt.

I am to state, for the information of the Marquis of Salisbury, that my Lords have no objection to make to the terms of the proposed instruction.

I am, &c.

(Signed) R. R. W. LINGEN.

No. 127.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 1514.)

Foreign Office, December 23, 1879.

Sir,

I HAVE received your Excellency's despatch No. 1035 of the 25th ultimo, forwarding copies of a Decree issued by the Porte, and assigning an annual sum of T. £1,350,000 to the service of the Ottoman Public Debt.

Among the securities for the payment of this sum mentioned in Article 3 of the Decree, the annual revenue of the Island of Cyprus is mentioned as being ceded integrally to the holders of obligations for a period of ten years.

I must request your Excellency to inform the Porte with reference to this Decree that Her Majesty's Government hold themselves bound, under Article III of the Convention of the 4th June, 1878, to pay the surplus of the Cyprus revenue to the Sultan, and to the Sultan only, and that they cannot accept or recognize the transfer to any other person of His Majesty's right to receive this payment; nor can they admit any liability, immediate or contingent, to pay it to any person except the Sultan.

Further, that any debt owing by the Porte to Her Majesty's Government must of necessity stand as a first charge against the said surplus.

I am, &c.

(Signed) SALISBURY.

No. 128.

Lord Tenterden to Mr. Guedalla.

Foreign Office, December 23, 1879.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the instant, protesting against the financial Convention recently concluded by the Porte with the Ottoman Bank and the Galata bankers, and to inform you that a copy thereof will be forwarded to Her Majesty's Ambassador at Constantinople.

I am, &c.

(Signed) TENTERDEN.

No. 129.

Mr. Bouverie to the Marquis of Salisbury.—(Received January 6.)

Council of Foreign Bondholders, 17, *Moorgate Street, London, E.C., January* 6, 1880.

My Lord,

I HAVE the honour to address your Lordship, as Chairman of a meeting of bondholders of the Turkish Loans of 1858 and 1862 which was held on the 23rd December at the office of the Council of Foreign Bondholders, and which resolved to request an interview with your Lordship, in order to protest against the action of the Porte with

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reference to the securities specially pledged to the creditors of these loans, and more particularly against a Convention entered into between the Porte and certain other parties at Constantinople, by which the former professed to assign to the latter the specific duties solemnly conveyed to the bondholders of 1862 to secure their advances.

I have to refer your Lordship to two letters addressed to you, the first dated the 15th July, 1879, and signed by myself and my brother Commissioners, appointed to protect the interests of the bondholders of the above two loans, and the second dated the 20th November, 1879, and signed by Mr. Hyde Clarke, the Secretary of the Commissioners.

These letters narrate the particular circumstances connected with each loan, and I beg to inclose copies of them.

The former letter requested the good offices of Her Majesty's Government to protect the securities pledged to the bondholders, and in the latter the Commissioners drew your attention to then contemplated alienation by the Porte of the securities pledged to the creditors of the 1862 Loan, and begged your Lordship to instruct Her Majesty's Ambassador at Constantinople to insist that the rights then created should not be overruled or ignored.

The Convention of which the holders of the 1862 bonds complain was made under date $\frac{\text{11th}}{\text{22nd}}$ November, and I have the honour to inclose a copy.

The holders of this loan have a special claim on the assistance of Her Majesty's Government to protect their property from spoliation, as it may be fairly alleged that it was negotiated under the auspices, and with the avowed assistance and encouragement of, the British Government of that day.

I have the honour to inclose copy of the letter of Earl Russell in relation to it.

Your Lordship can scarcely consider it unreasonable that the holders of a loan so sanctioned by your predecessors should consider themselves entitled to your Lordship's active and vigorous co-operation in preventing the spoliation now proposed to be carried into effect, by which the taxes pledged to themselves are to be diverted to other objects and other persons.

I have the honour to inclose copies of the two protests, one on the part of the holders of the Loan of 1858, and the other on the part of the holders of the 1862 Loan, which the deputation who request to see your Lordship propose to ask you to forward to Her Majesty's Ambassador at Constantinople forthwith, with directions from your Lordship to present and support them to the Porte.

I have, &c.
(Signed) E. P. BOUVERIE.

Inclosure 1 in No. 129.

Memorial and Protest.

To the Most Noble the Marquis of Salisbury, K.G., Her Majesty's Secretary of State for Foreign Affairs.

The Memorial and Protest of the Holders of the Bonds of the Turkish Loan of 1858,

Sheweth:

THAT your memorialists are holders of bonds of the Imperial Turkish Loan negotiated in 1858. That the above loan for a nominal sum of 5,000,000*l.* sterling was negotiated by his Highness Fuad Pasha on behalf of the Ottoman Government with the Imperial Ottoman Bank and Messrs. Dent, Palmer, and Co. The contract price was 85 per cent., and the interest to be paid 6 per cent., and 1 per cent. sinking fund; so that the sum required annually for the service of the loan was 360,000*l.* The inducement held out to the public to subscribe to this loan was the assignment by a Firman of the Porte of the Customs revenues and octroi duties levied at Constantinople, which were annually, at that time, considerably in excess of 500,000*l.* As an extra security the contract provides that a Syndicate of four Commissioners shall be appointed, two to be named by the Government, and two by the Contractors, upon whom should devolve the duty of receiving the revenues and transmitting them to the Bank of England. This arrangement did not work, because no provision was made for remuneration to the Commissioners, but in 1873 the Imperial Government, as an alternative, ordered the Imperial Ottoman Bank to open a special account to which the Customs revenues should be carried, from whence the Bank itself might be able to see to timely provision being made at the Bank of England. This arrangement worked fairly well, although not altogether without irregularity, until the general collapse of Turkish credit in 1875. Since that date the Ottoman Bank has ceased to take any notice of the interest of the bondholders of the Loan of 1858 in the Customs revenues, although that institute continues to receive them, but, on the contrary, as your memorialists have been informed, the Bank appropriates those revenues to the general claims they have against the Imperial Government. Under these circumstances, your memorialists request your Lordship to urge these facts through Her Majesty's Ambassador on the Imperial Government, and to solicit a categorical reply as to the future intentions of the Government in regard to these hypothecations, and to protest on their behalf against any diversion or alienation of the revenues thus pledged to them except with their full knowledge and consent.

London, January 6, 1880.

Inclosure 2 in No. 129.

Memorial and Protest.

To the Most Noble the Marquis of Salisbury, K.G., Her Majesty's Secretary of State for Foreign Affairs.

The Memorial and Protest of the Holders of the Bonds of the Turkish Loan of 1862,

Sheweth:

THAT this loan was negotiated in London in 1862 by the Ottoman Bank and Messrs. Dovaux for an amount of 8,000,000*l.* issued at 68 per cent.

That the securities specially assigned by an Imperial Firman to provide for the interest and sinking fund were the stamp and tobacco and salt duties.

That Her Majesty's Secretary of State for Foreign Affairs at that time was Lord John Russell, and that the loan was issued with the knowledge and sanction and at the instigation of his Lordship and of the British Government; and British public officers were dispatched by him to Constantinople to see to the due application of the loan.

That since January 1876 no interest has been paid on this loan, although the Porte has continued in receipt of the revenues pledged to the bondholders.

That on the 22nd day of November, 1879, the Porte entered into a Convention between themselves on one part, and certain parties named therein, headed by the Imperial Ottoman Bank, on the other part, by which the net revenues derived from tobacco, salt, and stamps, with other taxes, are assigned for a period of ten years to those parties to retain the sum of 1,100,000*l.* annually, and to pay the residue, to the amount of 1,850,000*l.* annually, should the yield suffice, to the representatives of the bondholders of Turkey through the Imperial Ottoman Bank.

That your memorialists believe that this is the first public solemn attempt by the Porte to assign property specially pledged to any section of its creditors to third parties, and without thinking it requisite to characterize such an act of spoliation as it deserves, they wish solemnly to protest against it, and they request your Lordship, to whose good offices they have shown they have a special claim, to convey such protest to Constantinople, and through Her Majesty's Ambassador there to present and support it.

London, January 6, 1880.

Inclosure 3 in No. 129.

Mr. Hyde Clarke to the Marquis of Salisbury.

Council of Foreign Bondholders, 17, Moorgate Street, London, E.C., November 20, 1879.

My Lord,

ACCORDING to telegrams from Constantinople, the Commissioners for the Ottoman Loan of 1862 are led to believe that the Ottoman Porte is in negotiation with the Imperial Ottoman Bank, and other local bankers, for the alienation of the tobacco and stamp revenues, and for placing the collection and disposal thereof in some Commission, to be named by such group of bankers.

The Commissioners for the 1862 Loan therefore beg leave respectfully to represent to your Lordship that the tobacco and stamp revenues were raised in consequence of the

recommendation of Lord Hobart and Mr. Morgan Foster, C.B., now in Constantinople, when appointed in 1861 and 1862 to inquire into and report upon the financial condition of the Turkish Empire.

These revenues, together with the salt and patents, were assigned as security to the bondholders of the 1862 Loan, issued with the cognizance of Earl Russell, Her Majesty's Secretary of State for Foreign Affairs, and for the application of which loan to the purpose for which it was raised Lord Hobart and Mr. Foster were again sent out to Turkey, as stated to the House of Commons by Mr. Layard, then Under-Secretary for Foreign Affairs, on the 14th March, 1862.

On the original issue of the loan it was stipulated that a Syndicate should be appointed in Constantinople to receive the assigned revenues; but no appointment having been made, Her Majesty's Ambassador made a demand in 1879 for its appointment, and on the 31st August of that year the three Ottoman members were named by the Porte.

By a new Convention made between the Porte and the bondholders in 1873 the whole of the rights of the bondholders were reaffirmed, and these rights were recognized at the Berlin Conference.

The Commissioners therefore trust that, as on former occasions, Her Majesty's Government will be ready to give their support to the claims of the bondholders to have their securities respected, and that your Lordship will instruct Her Majesty's Ambassador in Constantinople to insist that this right of the bondholders should not be overruled or ignored.

While the invasion of these rights can afford no permanent relief to the Porte in its present embarrassments, the Commissioners believe that the restoration of the financial resources of Turkey can most effectually be secured by amicable arrangements based on the recognized obligations of the Porte, and they are quite ready to give their co-operation for the common interests of the Porte and the bondholders.

I have, &c.

(Signed) HYDE CLARKE, *Secretary to the Commissioners of the Imperial Ottoman Loan of* 1862.

Inclosure 4 in No. 129.

Messrs. Bouverie, Eykyn, &c., to the Marquis of Salisbury.

Council of Foreign Bondholders, 17, Moorgate Street, London, E.C., July 15, 1879.

My Lord,

WE have the honour to request your Lordship's permission to call to your recollection our letter transmitting a protest which, as the British Commissioners representing the bondholders of the Ottoman Loans of 1858 and 1862, we addressed to you on the 18th June, 1878, at the time you were a Plenipotentiary at the Congress of the Great Powers assembled at Berlin; and in reply we were favoured with the assurance that the matter would receive the serious attention of Her Majesty's Plenipotentiaries.

We venture to recapitulate some of the statements set forth in that protest, with an earnest request that the assistance of Her Majesty's Government may be given to some effort to alleviate the hardship imposed on those persons whom we represent by the entire disregard paid by the Porte to the engagements they solemnly made.

The Loans of 1858 and 1862 were issued in London, and are held mainly by subjects of Her Majesty the Queen.

They have a first charge upon the general revenues of the Ottoman Empire, and the customs and octroi duties of Constantinople are also assigned as special security to the 1858 Loan, while in the same manner the revenues from tobacco, salt, stamps, and patents belong as hypothecations to the Loan of 1862.

In addition, there is an exceptional privilege attached to these loans, which is not possessed by any other Turkish loan, in being granted, under the Firmans by which their issue was decreed, the right, in conjunction with the Porte, to appoint Syndicates at Constantinople to collect the revenues hypothecated as special security to the bondholders, directly and for their account.

These rights were solemnly recognized at the Congress of Berlin, and in Protocol No. 11 of the Treaty one of the Plenipotentiaries of Russia (a belligerent claiming indemnity), his Excellency Count Schouvaloff "affirms, in a general manner, that in

the financial question Russia proposes to respect legality, that is every anterior hypothecation."

Also in Protocol No. 18 the following declaration, to which all the Powers adhered, is made:—

"The Powers represented at the Congress desire to recommend to the Sublime Porte the establishment at Constantinople of a Financial Commission, composed of specialists named by their respective Governments, which Commission shall be charged to examine into the complaints of the bondholders of the Ottoman debt, and to propose the most efficacious means for satisfying them as far as is compatible with the financial situation of the Porte."

Notwithstanding this declaration, no steps have been taken to make an arrangement of the debt due to the bondholders of the Loans of 1858 and 1862, though secured to them specially, fully, and permanently, as described.

And we, the Commissioners, further regret to have to state that we have reason to believe that the special securities thus solemnly pledged to the bondholders have been repeatedly repledged to bankers in Galata, for loans made by them for various periods to the Porte. Against this misappropriation we hereby most formally and emphatically protest, and we claim, on behalf of the bondholders, the restitution forthwith of the possession of the securities which belong to them by lawful assignment, and we have the honour to request the assistance for that purpose of Her Majesty's Government.

It may be fairly anticipated that, were proper consideration presently shown to the claims of the bondholders of these loans, they would be not unwilling to relinquish a part of what is due to them, provided that the Porte were to propose reasonable terms to them for a compromise of the full amount of such claims, and unaccompanied by any condition sought to be imposed on them respecting the raising of a new loan. All that we could be asked or expected to do would be to submit any such proposal to the bondholders for their consent, and it would be for the Porte to obtain such further financial aid as it was possible to get by pledging the balance of the revenues assigned to the bondholders, and thus released from the mortgage to them.

We submit that we have a strong claim on the good offices of Her Majesty's Government to aid the bondholders in obtaining a proper recognition of their securities under the Firman already mentioned, and if Her Majesty's Government should, at the request and with the consent of the Porte, appoint British subjects to receive and transmit to this country the proceeds of the revenue specially pledged to the bondholders of the loans in question, it would seem that an opportunity might be afforded the Porte to raise sufficient upon the balance in question to relieve themselves from the financial deadlock in which they are at present placed.

We have, &c.

(Signed) E. P. BOUVERIE.
ROGER EYKYN.
H. A. WITHERS.
THOS. RUMBALL.

Inclosure 5 in No. 129.

Earl Russell to Mr. H. A. Bruce, M.P.

Foreign Office, March 15, 1862.

Sir,

WHEN I had the pleasure of receiving you and Mr. G. G. Glyn at the Foreign Office a week ago, I informed you that if the Sultan's Commissioners or Agents in this country should be successful in obtaining a loan, Her Majesty's Government, anxious for the well-being and prosperity of Turkey, would be ready to send one or two gentlemen in whom they had confidence to assist the Sultan's Ministers in the due application of the proceeds of the loan to the extinction of the paper money and the funding of the floating debt.

I stated that Her Majesty's Government would take an interest in this operation from their feelings of friendship towards Turkey.

I said the contractors of the loan might see, in such a mission, a further security against the misapplication of the present loan, and the loss of credit which would ensue.

I am happy to inform you that Lord Hobart has consented to proceed to Constantinople for six months, for the purpose I have indicated.

I am, &c.

(Signed) RUSSELL.

Inclosure 6 in No. 129.

Convention of November 10/22, 1879, entered into between the Imperial Ottoman Government and certain Banks.

(Translation.)

THE following is a statement of the Convention just entered into between the Imperial Ottoman Government, represented by the Premier, his Highness Said Pasha, and the Minister of Finance, his Excellency Edih Effendi, acting both in pursuance of the Imperial Iradé, dated 7 Zilhidjé, 1296 (November 10, 1877, o. s.), on the one part; and Mr. M. H. Foster, Mr. Emile Devaux, and Mr. J. von Haas, acting for the Imperial Ottoman Bank and group; Mr. George Zarifi, Mr. Solomon Fernandez, Mr. Bernard Tubini, Mr. Eustace Eugenidis, Mr. Theodore Mavrocordato, Mr. A. Vlasto, Mr. A. Barker, Mr. Z. Stefanoviteh, Mr. Leonidas Zarifi, Mr. George Coronio, Mr. Ulysses Negropontis, and Mr. Paul Stefanovitch Schilizzi, on the other part:—

"ARTICLE I.

"The Imperial Government leases to Messrs. H. Foster, Emile Devaux, J. von Haas, George Zarifi, Solomon Fernandez, Bernard Tubini, Eustace Eugenidis, Theodore Mavrocordato, A. Vlasto, A. Barker, Z. Stefanovitch, Leonidas Zarifi, George Coronio, Ulysses Negropontis, and Paul Stefanovitch Schilizzi, who accept it, for the term of ten years, beginning on January 1st, 1880, and ending on January 1st, 1890, the collection of the stamp tax ('Varakaï suhliha'), and of the spirit tax ('miryé' and 'roubsatiyé'), of the Ottoman Empire's vilayets mentioned in the annexed list, with the exception of custom dues levied on spirits, of the fish tax of Constantinople and suburbs, conformably to details given in list which relates to it, and of the silk tithe of the districts of Constantinople, Adrianople, Broussa, and Samsoun, conformably to details given in list which relates to it, with the exception of custom dues levied on silks.

"ARTICLE II.

"The annual price of rent-charge for the whole duration of the lease shall be equal to the net revenue, in beshlik or metallic, of the four above-mentioned taxes, plus 10 per cent. This net revenue will be shown on the 1st August next, by the receipts in beshlik and metallic, after the sum representing the general charge of collecting applicable to these four taxes has been deducted. The price of the lease will be paid in beshlik and metallic by the contractors of the second category in twelve-monthly instalments in arrears. All surplus of net receipts on the price of lease will be equally shared between the State and contractors.

"ARTICLE III.

"The four taxes given in lease will be collected according to the existing Tariffs and Regulations relating to them, and they shall not be modified except by the mutual consent of both Contracting Parties. The necessary movable stamps and stamped paper will be struck and supplied by the Government to the contractors under their own superintendence and at their own expense. In the intervals of stamping the machines and instruments used for that purpose will be locked up, and one key of the safe will remain with the Government and another with the contractors. On the expiration of the lease all documents which might happen to be in the hands of the contractors will be returned by them to the Government. The Imperial Government, in conformity with the existing Regulations, will lend their assistance to the contractors for the collection of the above taxes, and will also take into consideration any proposition which may be made by the contractors with a view to assuring the strict application of existing Regulations, or for introducing any modifications which may be deemed necessary in order to improve the mode of collection of these taxes.

"ARTICLE IV.

"Comptrollers, appointed by the Porte, will be intrusted with the superintendence of the administration of the above taxes on behalf of the State. These Comptrollers will examine the books, but will not be authorized to interfere with the administration of the lessees. The contractors reserve for themselves the right of establishing a company for the working of the four taxes lease, or the transfer of this lease to a third party, but in either case they will always be directly responsible towards the Imperial Government.

"ARTICLE V.

"The Imperial Government gives over for a period of ten years, beginning on the 1st January, 1880, to the contractors mentioned in Article I, the administration of the monopoly of salt and tobaccos produced or consumed in the vilayets of the Empire which are enumerated in the annexed list, with the exception of the tobacco tithe. The State will exercise a control over this administration by means of Inspectors appointed by it and sanctioned by the Administrators. These Inspectors will have a right to examine the books and cash of the said monopolies, but on no account to interfere with their administration.

"ARTICLE VI.

"The modifications which the Government or the second contractors may think fit to make in the Regulations of either of these monopolies will be agreed upon by common consent.

"ARTICLE VII.

"The Police and Superintending Department, both for the leased taxes and the monopolies administered by the contractors, will be confined to the Government staff. The second contractors have a right to lay before the Government any cause for complaint which they might chance to have concerning the incapacity or insufficiency of this staff, and the Government faithfully promises to take into serious consideration any such observations. All the salaries of the staff, as well as all the expenses of the offices established in the interior and on the coast, and exclusively applied to the collection of the six taxes, will be paid out of the produce of these taxes according to the expenses incurred by each of these offices. As regards the expenses and salaries, both on the coast and frontiers, of the Custom-house Inspectors and preventive officers intrusted with the superintendence of custom duties and of the aforesaid taxes, they will be laid to the charge of the Custom-house and Six-Tax Administration in the proportion of 55 per cent. for the Six-Tax, and 45 per cent. for Customs Administration. The contractors reserve for themselves the right of employing secret Inspectors, whose mission it will be to inform them of any fraud which they might chance to discover concerning the taxes, or the monopoly of tobaccos and salt. In conformity with existing Regulations, these Inspectors will receive their share on fines and double duties paid by offenders. The Imperial Government undertakes that such frauds shall be punished as soon as they are brought under its notice according to existing laws and the gravity of the offence.

"ARTICLE VIII.

"The annual revenue of the lease of the four taxes, as well as the net revenue of the monopoly of salt and tobaccos, will invariably be employed in the following manner:—The second contractor will deduct from the receipts of every quarter the sum of 275,000 Turkish liras, which will be affected to the reimbursement, interest, and capital of the following debts:—Rough estimate of Mr. G. Zarifi's debt, with interests guaranteed by the Customs on the 1st January, 1880, £ T. 690,000; rough estimate of Messrs. Solomon Fernandez, Alfred Barker, and their co-contractor's debt, with interest, proceeding from bills issued on the Customs on the 1st January, 1880, £ T. 1,800,000; rough estimate of the Imperial Ottoman Bank's debt, with interest guaranteed by the indirect taxes, and forming part of the sum of £ T. 1,080,000 advanced by the said Bank on the 1st January, 1880, £ T. 860,000; rough estimate of the surplus of the statutory current account of the Imperial Ottoman Bank, with interest, on the 1st January, 1880, £ T. 1,750,000; rough estimate of the Imperial Ottoman Bank's debt, with interest proceeding from the great Unified Advances, on the 1st January, 1880, £ T. 3,625,000. Total, £ T. 8,725,000, all which debts will, from the 13th January, 1880, bear an interest of 8 per cent. per annum. This sum of £ T. 275,000 will be allotted to the payment of the above-mentioned debts, according to the agreement passed between the owners of the said debts. This quarterly deduction of £ T. 275,000 once made, the surplus will belong to the bondholders of the Internal and External Public Debt, and be deposited by the second contractors, through the Imperial Ottoman Bank, into the hands of the representatives of the said bondholders elected by the Imperial Ottoman Government. In this sum the revenues of Cyprus and Eastern Roumelia will also be comprised to the amount of 1,350,000 Turkish liras, total amount of the annuity affected to the Public Debt service by an Imperial Decree under date this day. It is also explained that the payment of the Cyprus and Eastern Roumelian revenues to the bondholders will be subjected to the cashing of these revenues.

"ARTICLE IX.

"Should the Imperial Government increase the existing duties for the collection of the four taxes now leased, all the surplus arising of this increase, as compared with the produce of the year preceding such increase, will belong to the Government, after a deduction of 10 per cent. for costs of collection.

"ARTICLE X.

"The accounts and deductions mentioned in Article VIII will be made at the end of each quarter, after passing to the Treasury's credit the return interests which accrue to it at the rate of 8 per cent. per annum on the monthly receipts of the four taxes mentioned in Article II. The second contractors will equally pass to the credit of the Treasury a return interest at the same rate of 8 per cent. per annum deducted every fortnight from the receipts of the monopoly of tobaccos and salt, until such time as the quarterly sum of £ T. 275,000 be complete. The conversion into Turkish liras of the moneys proceeding from the lease of the four taxes will be made at the end of each month, and that of the moneys proceeding from the administration of the two taxes every fortnight by the second contractors, together with the Imperial Treasury. The Imperial Ottoman Bank, in union with the Imperial Treasury, and for the best of its interests, will buy bills for the amount of balance of receipts, which will have to be given over to the said Bank agreeably to Article VIII, for the service of the Public Debt. At the expiration of the fourth quarter of annual receipts and expenditure, should the total net amount of receipts exceed the sum of 2,450,000 Turkish liras, including the revenues of Cyprus and Eastern Roumelia, this surplus will be passed to the credit of the Imperial Treasury.

"ARTICLE XI.

"Should the debts mentioned in Article VIII not be integrally reimbursed, interest and capital, at the expiration of the ten years, that is to say on the 1st January, 1890, all the stipulations of the present Convention will remain in force until the complete extinction of the said debts, with the exception of the annual price of the lease, which will be established without majoration on the basis of the net produce of the four taxes for the last year.

"ARTICLE XII.

"All the stipulations of the present Convention, and those especially which concern the lease of the four taxes, the administration of the monopoly of salts and tobaccos, and the appropriation of their produce for the reimbursement of the sums due by the Imperial Government are, according to Article VIII, irrevocable and incommutable, except in the case foreseen by Article XIII, and cannot be modified or broken under what circumstances soever, and for what cause soever it may be. Owing to this formal condition and to the present Convention, the revenues of the general administration of the exercise, with the exception of those which form the object of the present arrangement, will, from the 1st January, 1880, be entirely disengaged, and returned free to the Imperial Government. The contractors of the advance, £ T. 1,660,000, concluded by contract under date of the 25th November/2nd December, 1878, engage to deposit on the 31st January, 1880, at the Imperial Ottoman Bank, in packets sealed by the two parties and previously examined by the Treasury, the totality of the bills issued on the general administration of customs and indirect taxes. These bills, on account on the £ T. 1,800,000 mentioned in Article VIII 'au fur et à mesure,' as proportional reimbursements are effected, will be, according to the present Convention, freed and restored to the Imperial Government by the State Bank in presence of the two parties, and in proportion with the amount of each reimbursement, when effected. The Imperial Ottoman Bank will be equally obliged to return, under the same date, to the Imperial Government, the caimé forming security for the great Unified Advances, in order that it should be annulled and incinerated.

"ARTICLE XIII.

"The Imperial Government, in derogation from the preceding Article, reserves for itself the right of cancelling, before the expiration of the ten years, the stipulation of the present Convention, under the two following essential and peremptory conditions:—(1) In case the debts mentioned in Article VIII, capital and interest, are integrally reimbursed; (2) In case a new Regulation, more advantageous to the bondholders of the Interior and Exterior Public Debt than the present arrangement resulting from the present

Convention, as well as from an Imperial Decree, under date of this day, intervenes between the Imperial Government and the above-mentioned bondholders. Should these two conditions be fulfilled, the present conditions would be cancelled. It remains understood that should this cancelling take place during the course of a year, the stipulations of the present Convention, with respect to the lease of the four taxes, would hold good until the end of the month of December of the same year. Should this contingency come to pass, the Imperial Government engages to pay to the above contracting parties, (1) An indemnity for the current salaries of officers engaged by unexpired contracts; (2) All other extraordinary expenses shown by regular documents. It is, however, stipulated that this payment shall not exceed the 3 per cent. once paid of the lease price of one year alone.

"ARTICLE XIV.

"Should any difference arise between the Government and the contractors relative to the interpretation or carrying out of the present Convention, it would be submitted to the decision of four arbitrators appointed by each of the parties, and, should it be necessary, a fifth arbitrator would be elected. The decision by arbitration will be irrevocable and without appeal.

"ARTICLE XV.

"The present Convention will be communicated by the Sublime Porte to the foreign Embassies at Constantinople.

"Signed in duplicate at Constantinople, the 7th Zilhidjé, 1296, that is to say, the 18th/30th November, 1879.

"ADDITIONAL ARTICLE.

"Agreeably to Article V of the present Convention, the second contractors engage that the salt mines and Government salt depôts will permanently provide the public with the quantity of salt necessary for its consumption in such a way that merchants, local corporations, and every one, in fact, who apply to these depôts and salt works, shall always be amply provided for. This, however, is subjected to a case of "force majeure," which might prevent the production of salt, or destroy its existing quantity."

No. 130.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received January* 8, 1880.)

(No. 1180. Confidential.)

My Lord, *Constantinople, December* 30, 1879.

M. DE TOCQUEVILLE, whose name is known to your Lordship as connected with the financial scheme which M. Fournier prevailed upon the Sultan to accept at the beginning of this year, and which so signally broke down, is again here. I have been unable to obtain any trustworthy information as to the fresh financial proposals which, it is understood, he has submitted to His Majesty. They are kept very secret, and he is only in communication on the subject with Saïd Pasha (the Prime Minister), M. Fournier, and the Sultan, through M. Dreyssé, His Majesty's French Aide-de-camp, who now seems to be principally employed in pushing French interests at the Palace.

I am told by Mr. Haab, the agent of the Council of Foreign Bondholders, who is come here to protest, on behalf of the holders of the Loans of 1858 and 1862, against the recent financial arrangement with the Galata bankers, that M. de Tocqueville is commissioned by the Comptoir d'Escompte of Paris to propose to the Porte a loan of about 20,000,000*l.* sterling, to be guaranteed by the Customs revenue, which will be released next month from the advances made upon them by the Imperial Ottoman Bank, M. Zarifi, and others. I cannot say how far this information may be trustworthy.

M. Michell, who has been so strongly taken up by M. Fournier, has now, in addition to the various concessions he has received, obtained one for the manufacture of sugar. What the terms of this concession may be, and whether a monopoly or not, I have not

yet been able to ascertain. The fact that it has been given was announced in the semi-official papers yesterday.

I have, &c.
(Signed) A. H. LAYARD.

No. 131.

Mr. Scratchley to the Marquis of Salisbury.—(*Received January* 13.)

2, *Plowden Buildings, Temple, London, January* 9, 1880.

My Lord,

SUCH of the British public as are not bondholders must admit the good sense of your Lordship's advice to Turkey, viz., not to trouble herself about her creditors for the present.

This, I have no doubt, will not suit operators for a rise in Turkish bonds; but the recommendation would be justified by the usurious nature of the conditions under which the loans were raised.

Had you required any facts to fortify your judgment on the point, I venture to think that the inclosed figures, which I published in my work on "Public Debts," might have convinced you.

I have, &c.
(Signed) ARTHUR SCRATCHLEY.

Inclosure in No. 131.

Supplement on the Redeemable Loans of Turkey.

THE Decree of the Turkish Government, by which the payment of a portion of the amount becoming due for interest and sinking fund on the public debts of that country is suspended, having been issued as the sheets of this work* were passing through the press, the following concise view is appended of the redeemable loans raised by Turkey from 1854 to 1871 inclusive (but exclusive of the ordinary 6 per Cent Debt of 1865, the Guaranteed Loan of 1855, and the loans after 1871).

It shows some remarkable facts:—

1st. That, although the total nominal amount of these redeemable loans was 59,932,040*l.*, the money which Turkey actually received at the issue prices was but 39,811,581*l.*, the bonds thus given on the bonds being over 20,000,000*l.*

2nd. In repayment of these advances up to the present time 41,241,597*l.* has been remitted by Turkey for dividends and sinking funds, reckoning only from the respective dates at which the first drawing occurred on each loan.

3rd. Nevertheless, by the contracts, there is still a debt of 48,266,121*l.* outstanding; this being the equivalent discounted value of the repayments that Turkey has to make for the various unexpired terms of years.

The unsatisfactorily heavy nature of these contracts becomes very striking when the amount yet to be paid in respect to any one of these loans is compared with what would be due if the transaction had been an ordinary advance at 6 per cent. interest per annum on the actual money lent to Turkey, without any bonus.

Taking, as an example, the 6 per Cent. Loan of 1865 (termed the "Mattons"), on which Turkey received 5,330,000*l.* cash, while bonds were issued for 6,000,000*l.*, the Table shows that the amount already remitted by Turkey on that loan is close upon 5,000,000*l.* (4,810,800*l.*), and that as a mere 6 per cent. debt the balance still owing would be but 581,688*l.*; whereas the outstanding debt by its contract is still 4,163,522*l.*

Viewed in the same manner, the total amount which Turkey would owe now on these redeemable loans would be under 14,000,000*l.* (13,867,118*l.*), instead of over 48,000,000*l.*

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* From the "Practical Treatise on Average Investment Trusts and Companies dealing with Stock Exchange Securities, and the circumstances attending Foreign Loans," by Arthur Scratchley, M.A., December 1875. Shaw and Sons, Fetter Lane, London; price 6*s.*

STATEMENT of the Loans to Turkey effected before 1872 and redeemable at par. The later ones are omitted, the Bonds not being considered fully placed with the Public. The Guaranteed Loan of 1855 and the General 5 per Cent. Debt are also not included.

Year of Loan.	Nominal Amount of Loan Issued.	Prices of Issue per cent.	Dividend per cent.	Sinking Fund per cent.	Year by Contract for last Repayment.	Money Turkey received on each Loan at price of Issue.	Total Money remitted by Turkey on each Loan up to the present time, reckoned only from the date of the first drawing inclusive.	Reduced Amount Turkey would still owe on each Loan if the Money it actually received had been on ordinary borrowing* at 6 per cent. without bonus.	Amount still due by Turkey, represented by the Discounted Values of the remaining Annuity Repayments, covering Dividend and Sinking Fund, which it has covenanted to pay.
	£	£	£	£		£	£	£	£
1854	3,000,000 (Mr. R. B. Martin)	80	6	1	1882	2,400,000	3,885,000	266,034	1,995,759
1858	5,000,000	85 and 62½	6	1	1892	3,500,000	5,425,000	73,605	3,728,351
1860	2,069,820 (Mr. R. B. Martin)	62½	6	1	1896	1,256,136	1,688,244	131,792	1,667,237
1862	8,000,000 (Mr. R. B. Martin)	68	6	2	1886	5,440,000	8,000,000	(Nothing due, but overpaid 276,813)	5,099,813
1863-64	8,000,000 (Mr. R. B. Martin)	72 and 68	6	2	1886	5,680,000	7,680,000	529,800	5,261,955
1865	6,000,000 (Mr. Eykyn)	65½	6	2·44	1886	3,930,000	4,810,800	581,688	4,163,522
"Mattons" 1869	22,222,220 (Mr. Eykyn)	60½	6	1	1902	13,444,442	8,555,553	8,646,638	20,824,547
"Colions" 1871	5,700,000	73	6	1	1905	4,181,003	1,197,000	3,685,561	5,524,937
	59,932,040					39,811,581	41,241,597	13,867,118†	48,266,121

[Against any special figures the names of the latest authorities are inserted, namely, the Chairmen of the meetings recently held. The total cost of each loan would appear somewhat higher if the discount at the time of issue and interest for fractions of bonds undrawn each year were included.]

* The money actually advanced carrying 6 per cent. interest, from which is deducted the repayment annuity, remitted each year, by a debtor and creditor account.

† In this column the Loan of 1862 is omitted in the casting, as at 6 per cent. without bonus it would be overpaid.

No. 132.

Mr. Guedalla to the Marquis of Salisbury.—(Received January 16.)

Gresham Club, London, E.C., January 16, 1880.

My Lord,

AS Chairman of the English Committee of the General Debt of Turkey, 5 per Cent., and on behalf of the bondholders of the 6 per Cent. Loans of 1860, 1863, 1865, 1869, and 1873, I am instructed to ask your Lordship to reply to the communication made to you by the Turkish Government, announcing the Convention lately made by it with the Galata bankers and Ottoman Bank, by a refusal to recognize it on the part of the English Government, and also to ask your Lordship to demand the appointment of an International Financial Commission, as agreed to at the Berlin Congress. I am informed that the French Government, from the point of view of the declaration of the 18th Protocol of the Berlin Congress, regards the Convention most unfavourably.

I have, &c.

(Signed) H. GUEDALLA.

No. 133.

Memorandum by Sir J. Pauncefote respecting the Turkish Bondholders of 1858 *and* 1862.

THE case of the 1858 bondholders stands on a different footing from that of the bondholders of 1862.

The 1858 Loan was obtained on the assignment by Firman of the Customs revenues and octroi duties. Since 1875 the Porte has ceased to remit the interest on this loan, and has applied to its own necessities the proceeds of the customs and octroi duties, but it has not hypothecated them to other persons. It is not so with the Loan of 1862. The 1862 Loan was raised on the assignment by Firman of the stamp, tobacco, and salt duties. The Porte has now farmed out these duties (together with the duties on spirits, silk, and fish) to the Ottoman Bank and the Galata bankers for ten years, under the recent Financial Convention and Decree communicated in the Turkish Circular of the 1st December, 1879. The rental of this "fermage" is to be applied, in the first place, in paying off, by quarterly sums of 275,000*l.*, certain debts specified in Article VIII, amounting to 8,725,000*l.*, with 8 per cent. interest. The balance of rental and the revenues derived from Cyprus and Roumelia are to be charged with the annual sum of 1,350,000*l.*, to be applied in payment of interest on the "Dette Publique, extérieure et intérieure." This interest, Mr. Guedalla states (Confidential Paper of the 2nd January, 1880), will only give ½ per cent. interest per annum on the various loans, instead of 5 per cent. and 6 per cent., exclusive of sinking funds.

Mr. Guedalla, however, does not pity the bondholders of 1858 and 1862, as he declares that they have received "half the amount of their capital by a sinking fund, and received interest double the amount of their invested capital."

The Convention with the bankers, though made for a term of ten years, is to be continued so long as any part of the debts mentioned in Article VIII remains unsatisfied. (See Article XI.)

Article 6 of the Decree confirming the Convention states that the Decree, being of a provisional character, leaves intact the rights of the bondholders.

It will be seen, nevertheless, from the above statement, that the stamp, tobacco, and salt duties, "specially and irrevocably" (see Mr. Hamond's letter of the 8th December, 1879, Print of the 19th December, p. 7) hypothecated to the bondholders of 1862, have been farmed out to the Ottoman Bank and the Galata bankers; and that the rental of the farm, instead of going to those bondholders, is to be applied in payment of *old debts due to the Ottoman Bank and the private bankers named in Article VIII of the Convention*, until the whole amount (8,725,000*l.*), with 8 per cent., is paid off.

At the deputation held at the Foreign Office on the 6th instant, the bondholders of 1858 urged Lord Salisbury to obtain a categorical reply from the Porte as to their future intentions, and to protest on their behalf against the alienation, without their consent, of the Customs revenues specifically pledged to them.

But, as shown above, those revenues have not been assigned to other parties, though the Porte has spent the proceeds, instead of applying them in satisfaction of the 1858 Loan.

On the other hand, the bondholders of 1862 declared that the Convention of November 1879 "was the first public solemn attempt by the Porte to assign property specially pledged to any section of its creditors to third parties:" and they also urged Lord Salisbury to protest on their behalf against the misapplication under the Convention of the stamp, tobacco, and salt duties specially pledged to them.

Mr. Hamond, at the close of his letter of the 8th December (Print of the 19th December, p. 7), asks Lord Salisbury to demand for the Loan of 1862 "that the Firman and Letters Patent of the 7th and 8th April, 1862, shall be firmly carried out, and a Commission appointed at Constantinople on behalf of the bondholders to receive those revenues 'specially and irrevocably' hypothecated to them."

It appears to me that the bondholders of 1862 make out a strong case for the intervention of Her Majesty's Government.

The question is not whether the Porte is or is not justified, on the eve of bankruptcy, in pledging revenues already hypothecated for the purpose of obtaining *fresh advances* which may enable her to tide over her pressing difficulties of the moment. The facts above stated show that the duties "specially and irrevocably" hypothecated to the bondholders of 1862 are to be applied, together with certain other specific revenues of the State, to the payment of *old debts* due to the Ottoman Bank and the bankers named in Article VIII of the Convention, who themselves are parties to the Convention. They are to be paid nearly 9,000,000*l.*, with interest running at 8 per cent., out of the securities in question before the bondholders *to whom those securities belong* can receive the pittance of ½ per cent. interest allowed to them under the Convention.

This is an act of fraudulent preference. It has nothing to do with the necessities of the State, its object being to satisfy old debts, and not to obtain fresh advances, and to favour the Ottoman Bank and the gentlemen named in Article VIII at the expense of the British bondholders of 1862.

(Signed) J. P.

January 17, 1880.

No. 134.

Sir J. Pauncefote to Mr. Guedalla.

Foreign Office, January 20, 1880.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 16th instant relative to the Convention lately concluded by the Porte with the Galata bankers, and Ottoman Bank; and, in reply, I am to state to you that this matter will receive his Lordship's attention.

I am, &c,

(Signed) JULIAN PAUNCEFOTE.

No. 135.

Sir J. Pauncefote to Sir R. Lingen.

Foreign Office, January 22, 1880.

Sir,

YOU are aware that a Convention was concluded on the 18th/22nd of last November by the Porte with the Ottoman Bank and the Galata bankers for the settlement of its foreign and interior debts.

A deputation of the bondholders interested in the Turkish Loans of 1858 and 1862 waited upon Lord Salisbury at the Foreign Office upon the 6th instant, to remonstrate against an arrangement which was seriously prejudicial to their interests, and arbitrarily infringed upon the conditions under which the Loan of 1862 had been negotiated.

A copy of the representations made to Lord Salisbury by Mr. Bouverie on behalf of the bondholders,* and of their memorial (together with his Lordship's reply, as published in the "Times" of the following day), is inclosed herewith. I also forward, for your information, a copy of a despatch from Her Majesty's Ambassador at the Porte,† inclosing a Circular note in which the Sublime Porte communicated to his Excellency a Decree sanctioning the above arrangement, as well as copies of other correspondence which has passed with persons interested in the matter, as marked in the margin.‡

A draft of an instruction to Sir H. Layard has now been prepared, desiring him to protest, in the name of Her Majesty's Government, against the execution of the Convention and the Decree in question, so far as they purport to apply to the liquidation of the debts

* No. 129. † No. 120. ‡ Nos. 121, 124, 125, and 129.

specified in Article VIII the revenues arising from the duties on tobacco, salt, and stamps and patents which were pledged by the Ottoman Government to the bondholders of the Loan of 1862.

I am now directed by the Marquis of Salisbury to forward this draft despatch herewith, in order that it may be submitted to the Lords Commissioners of Her Majesty's Treasury; and I am to request that you will move them to inform Lord Salisbury, at their early convenience, whether they concur in its terms.

It is requested that the draft despatch may be returned to this Department, together with your reply.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 136.

Sir A. H. Layard to the Marquis of Salisbury.—(Received January 23.)

(No. 41.)
(Telegraphic.) *Pera, January 22, 1880.*

I AM informed that the Sultan wishes to raise a new loan from the Galata bankers, upon customs which have been freed by recent arrangement with them, and that he is already in negotiation with some of them.

If this prove the case, should I renew protest I have already made, in pursuance of your instructions, against dealing with a security already pledged to foreign bondholders?

No. 137.

The Marquis of Salisbury to Sir A. H. Layard.

(Telegraphic.) *Foreign Office, January 24, 1880, 5·20 P.M.*

YOUR telegram No. 41 of the 22nd instant.

You should protest as before.

No. 138.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 61.)
Sir, *Foreign Office, January 24, 1880.*

WITH reference to your Excellency's telegram No. 41 of the 21st instant, stating that you have been informed that the Sultan is desirous of raising a new loan from the Galata bankers upon the customs duties which have already been hypothecated to the foreign bondholders, I have to instruct you to renew the protest you have previously made against any such action on the part of the Porte.

A telegram in this sense has been addressed to your Excellency to-day.

I am, &c.
(Signed) SALISBURY.

No. 139.

Sir R. Lingen to Mr. Currie.—(Received January 31.)

Sir, *Treasury Chambers, January 30, 1880.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you, for the information of the Secretary of State, that they have had under consideration your letter of the 5th instant on the subject of the sum due annually from the revenue of Cyprus to the Porte.

My Lords will write shortly to the Secretary of State in answer to the specific questions which you put by his desire. But in the meantime I am to ask you to call his attention to the facts, that there is a considerable sum now due to this country and to France by the Porte on account of the Guaranteed Loan of 1855; and that another

dividend on that loan will fall due very shortly, for which, in all probability, no provision, or, at best, insufficient provision, will be made.

I am to say that my Lords noted with satisfaction the remarks in Lord Salisbury's letter of the 23rd December to Sir H. Layard, that any debt owing by the Porte to Her Majesty's Government must of necessity stand as a first charge against the surplus of Cyprus revenue due to the Sultan, and they cannot but think that any part of that surplus, as yet accrued or accruing, should be paid over forthwith to this country in discharge of these debts.

I am further to point out how desirable it is that steps should be taken for that purpose, if possible, before Parliament meets, when the liabilities devolving upon this country in consequence of the Porte not providing the interest and sinking fund on the Loan of 1855 are sure to form the subject of comment, to which it will be difficult to return a satisfactory reply.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 140.

Sir R. Lingen to Sir J. Pauncefote.—(Received February 3.)

Sir, *Treasury Chambers, February 3, 1880.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Marquis of Salisbury, that they have read the draft despatch which he proposes to address to Sir H. Layard, desiring him to protest against the Convention of the $\frac{10th}{23rd}$ November, and the Decree of the same date, so far as they propose to apply to the liquidation of the debts specified in Article VIII the revenues arising from the duties on tobacco, salt, stamps, and patents which have been pledged by the Ottoman Government to the bondholders of 1862.

It appears to my Lords to be scarcely within their province to offer an opinion upon a remonstrance which is political in its nature. They have already commented upon that part of the Convention which deals with the surplus of Cyprus revenue payable to the Porte, and they have expressed their concurrence with Lord Salisbury's letter of the 23rd December, pointing out that the first charge on that surplus would be any debt owing to Her Majesty's Government by the Porte; but, as far as my Lords are aware, Her Majesty's Government have no financial interest (beyond their formal claim upon all the revenues of Turkey in respect of the Loan of 1855) in the duties mortgaged to the bondholders of 1862, and they do not therefore feel called on to interfere.

My Lords have no doubt that Lord Salisbury has satisfied himself that the step which he is taking will not entangle Her Majesty's Government in any obligations to the bondholders of 1862 which may hereafter prove embarrassing.

I am to return the draft despatch.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 141.

Mr. Stab to Mr. Hyde Clarke.

Dear Sir, *Constantinople, February 3, 1880.*

I BEG to acknowledge the receipt of your letters, dated the 22nd and 24th January. My last letter to you was No. 567 under date of the 30th ultimo.

I have as yet received no pamphlets containing the Report to the Khedive on the Consolidated Debt.

Since M. de Tocqueville's arrival here I made it one of my principal points to follow closely and to report to you the progress of his negotiations; I did so because I know he is powerfully supported by the Comptoir d'Escompte, the Banque de Paris (Raphael and Cohen of London are also mentioned as members of the Syndicate). I am not able to get hold of the details of the Syndicate's scheme, but this much I am informed—"They will substitute themselves in the place of the Galata bankers." The inclosed letter, which I received late on Friday last from the Minister of Finance, in reply to the protest I sent to his Excellency on the 8th November, comes to confirm

my apprehension about this matter. In my last letter I reported to you the last phase of the negotiations; now it appears that the Council of Ministers held to discuss the De Tocqueville scheme decided that this formal letter be addressed to me as an *acquit de conscience* for the present and due notice for the future. Without entering into the reasons the Minister gives for the arrangement made with the Galata bankers, I merely wish to call your special attention to the last paragraph of the inclosed letter, where the Minister says that the Convention "could be replaced by any general and definitive arrangement which may intervene between the Government and its creditors." Verbally this much has been communicated to me by the Ministers, which I reported. Now, it is a warning in a formal way. The meetings of bondholders which have taken place in France were all prearranged to bring pressure upon the Porte, while the publication of these facts were reproduced in the official paper in order to show the pressure thus brought to bear upon the Government.

I informed you that the unification and conversion of the debt formed the basis of the French proposal; there is no question about a new loan.

Yesterday I called upon Sir Henry Layard and informed him of the foregoing facts, as well as of your opinion with regard to Lord Salisbury's eventual action. His Excellency told me he had no instructions from the Foreign Office to take any steps against the Convention with the Galata bankers, but he promised to take information about M. de Tocqueville's negotiations, and should this gentleman's scheme comprise the custom-houses he would immediately protest. I added, his Excellency might do the same as M. de Tocqueville's Syndicate; at all events, will have the securities of the Galata bankers which belong to the 1862 Loan. My information, as well as the letter from the Minister of Finance, have made some impression upon his Excellency, and I believe he will not wait this time as he did last winter until the new Decree is promulgated.

The Galata bankers keep very quiet; for them it will be a God-send to be able, first, to realize the enormous sums made up of compound interest; and, secondly, it will relieve them of the serious responsibility which they have assumed; once free they will be in a position to resume their old line of business.

The reason, I am told, which engages the Government to view this arrangement favourably is the dread they have of the International Financial Commission. M. de Tocqueville's Syndicate assure them that they will get not only the French and Italian bondholders, but they will compel the English to join.

Yours, &c.
(Signed) S. STAB.

Inclosure in No. 141.

Edib Pasha to Mr. Stab.

Monsieur, *Constantinople, le* $\frac{16}{28}$ *Janvier*, 1880.

EN réponse à votre lettre du 8 Novembre dernier, à laquelle est annexée la copie d'une protestation des Commissaires des Emprunts Ottomans de 1858 et 1862, je crois devoir vous faire remarquer que les faits sur lesquels cette protestation est fondée ont été mal connus ou mal interprétés.

En effet depuis que le Gouvernement Impérial a été obligé de suspendre le service de la dette publique, tant intérieure qu'extérieure, il n'a fait aucune aliénation des revenus affectés à ses emprunts extérieurs; il les a employés aux besoins de ses services publics: puis, pour faire face à des besoins impérieux et urgents, il en a escompté une partie au moyen d'opérations de trésorerie, sans que jamais ces opérations aient eu le caractère d'une aliénation proprement dite. La dernière opération accomplie par le Gouvernement Impérial n'est que la conséquence et le mode de liquidation des opérations antérieures, et les porteurs de titres des Emprunts Ottomans seraient d'autant moins fondés à la critiquer, que, d'une part, elle a eu pour effet de permettre la reprise, dans la mesure de ressources actuelles, du service de la dette publique, et que, d'autre part, elle est essentiellement provisoire et pourrait être remplacée par tout arrangement général et définitif qui interviendrait entre l'Etat et ses créanciers.

Agréez, &c.
Le Ministre des Finances,
(Signé) EDIB.

[Should follow No. 142, on page 125.]

No. 142*.

Lord Lyons to the Marquis of Salisbury.—(*Received February 7.*)

(No. 90.)
My Lord, *Paris, February* 6, 1880.

IN his telegram No. 54 of the 3rd instant, which your Lordship has been so good as to repeat to me, Sir Henry Layard informs your Lordship that M. de Tocqueville is at Constantinople, and appears to be engaged in some secret negotiations with the Palace about a loan, the exact nature of which Sir Henry is unable to ascertain.

I have made inquiries here on the subject, and have, I think, ascertained that none of the principal financial societies or financiers here (except, possibly, the Baron de Souteyran) are concerned in M. de Tocqueville's operations, or have any knowledge of the details of them. In fact, his scheme, whatever it may be, does not appear to be in any way connected with what is termed the "haute finance" at Paris.

On the other hand, it is certain that M. Dreyssé, the Sultan's French Aide-de-camp, is here, and it is generally believed that he has come with some financial mission from His Majesty.

The most plausible conjecture which I have heard is that M. de Tocqueville is endeavouring to obtain, as he did before, some concession very favourable to his own interests; and that the Sultan, warned by past experience, has sent M. Dreyssé to Paris to see how the land lies, and to ascertain what probability there may be of M. de Tocqueville's being able to fulfil the promises he has no doubt made.

I have, &c.
(Signed) LYONS.

No. 142.

Sir J. Paunceforte to Sir R. Lingen.

Sir, *Foreign Office, February* 6, 1880.

YOUR letter of the 3rd instant has been laid before the Marquis of Salisbury, returning the draft of a despatch which his Lordship proposes to address to Sir H. Layard, instructing him to protest against the Convention concluded by the Porte with the Ottoman Bank and the Galata bankers on the 10th/22nd November last, and the Decree of the same date, so far as they propose to apply to the liquidation of the debts specified in Article VIII the revenues arising from the duties on tobacco, salt, stamps, and patents, which have been pledged by the Ottoman Government to the bondholders of 1862.

With reference to the last paragraph of your letter, in which you observe that the Lords Commissioners of Her Majesty's Treasury have no doubt that Lord Salisbury has satisfied himself that the step which he is taking will not entangle Her Majesty's Government in any obligations to the bondholders of 1862 which may hereafter prove embarrassing, I am directed to state that Lord Salisbury is not aware of any obligation which could devolve on Her Majesty's Government towards the bondholders of 1862 from the fact of their having protested against the act of spoliation of which the bondholders complain, but as the matter is one of great importance, his Lordship would be glad to be informed of the exact nature of the obligations which the Lords of the Treasury apprehend that Her Majesty's Government might incur in adopting the course proposed.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 143.

Lord Lyons to the Marquis of Salisbury.—(*Received February* 19.)

(No. 137.)
My Lord, *Paris, February* 18, 1880.

WITH reference to my despatch No. 90 of the 6th instant, I have the honour to inform your Lordship that M. de Tocqueville has arrived at Paris from Constantinople.

I am told that the concessions or projects which he has brought with him relate to a Lottery Loan for the Turkish Government, and also to a renewal or modification of his old scheme.

I hear also that it has been strongly urged upon M. de Tocqueville that it is essential to the success of any of his plans that he should obtain the concurrence of the Ottoman Bank.

This information comes to me from what should be a good source, but, nevertheless, I can only offer it to your Lordship for what it may turn out to be worth.

I have, &c.
(Signed) LYONS.

No. 144.

Mr. Law to Lord Tenterden.—(*Received February* 25.)

My Lord, *Treasury Chambers, February* 23, 1880.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to forward to you a copy of a letter which they have received from the Bank of England announcing that the Turkish Government have made no provision to meet interest on account of the dividend on the Imperial Ottoman Guaranteed Loan of 1855.

I am to inform you that my Lords have informed the Governor and Deputy Governor of the Bank that they are ready to meet the obligation to which the guarantee subjects them, but that they have requested the Bank to allow the advance which has been made to remain for a short time unadjusted, in order to give the Ottoman Government an opportunity of redeeming its credit.

I am to ask you to move Lord Salisbury to call on the Ottoman Government to fulfil its engagement, and at the same time to inform the French Government that the Porte has not provided the interest due on the 1st instant, and that, pending remonstrance to the Porte, the Bank of England has been requested to temporarily advance the money.

My Lords would be glad if the Secretary of State would take this subject into consideration in connection with recent correspondence on the surplus of Cyprus revenue due to the Porte. They believe that, by means of the surplus Egyptian Tribute and the Porte's share of the revenue of Cyprus, an arrangement might be made which would provide for the discharge of principal and interest upon the whole outstanding balance of the loan of 1855, without further charge to the Turkish Government.

Such an arrangement could hardly fail to be acceptable to the French Government.

I am, &c.
(Signed) WILLIAM LAW.

Inclosure in No. 144.

Mr. May to Sir R. Lingen.

Bank of England, February 4, 1880.

Sir,

I AM directed to acquaint you, for the information of the Lords Commissioners of Her Majesty's Treasury, that no provision has yet been made for the payment of the interest due the 1st instant on the Imperial Ottoman Guaranteed Loan of 1855, viz., six months' interest on 3,815,200*l.* = 76,304*l.*, in which amount is included the interest on bonds for 413,600*l.* which have been drawn for redemption, but which are still unpaid. Under these circumstances, the Bank have advanced, as on former occasions, the necessary amount, viz., 76,304*l.*, as no funds have, as yet, been remitted to the Bank on account of the Egyptian Tribute. I am therefore to request their Lordships' confirmation and instructions accordingly.

I am, &c.
(Signed) F. MAY, *Chief Cashier.*

No. 145.

Mr. Law to Sir J. Pauncefote.—(Received February 27.)

Treasury Chambers, February 27, 1880.

Sir,

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Lord Salisbury, with reference to your letter of the 6th instant, that, in their view, the protest which his Lordship proposes to make against the Convention of the $\frac{10th}{22nd}$ November last does not immediately involve any question of Imperial finance, and does not, therefore, require their interference.

There can, however, be no doubt that the Porte is practically bankrupt, and that, in its desperate shifts for money, it will not attempt to observe engagements which cannot be utilized in aid of its needs. It will therefore be tempted, if it dares, to disregard the protest, and my Lords are only anxious to be assured, if such were the result, that Her Majesty's Government would not be led into further interference on behalf of the bondholders of 1862, which might, in its consequences, prove embarrassing.

I am, &c.
(Signed) WILLIAM LAW.

No. 146.

Sir A. H. Layard to the Marquis of Salisbury.—(Received February 28.)

(No. 198 Confidential.)

Constantinople, February 12, 1880.

My Lord,

SOME days ago the Russian Government telegraphed to the Porte to express their satisfaction with, and approval of, the financial arrangement recently entered into by it with the Galata bankers. Instructions were sent to the Turkish Ambassador to thank Prince Gortchakow for this communication, which gave much pleasure to

the Sultan. The answer from the Prince was that "His Majesty could now discriminate between those who were his true friends and those who were not."

I have, &c.
(Signed) A. H. LAYARD.

No. 147.

Sir A. H. Layard to the Marquis of Salisbury.—(Received February 28.)

(No. 212.)

Constantinople, February 17, 1880.

My Lord,

I HAVE the honour to inclose a translation of a paragraph from the "Vakit," which has evidently been communicated to that journal, relative to the friendly attitude of the Russian Government towards Turkey.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 147.

Extract from the "Vakit."

NOUS lisons dans le "Vakit" de ce matin :—

"Le bruit court que le Gouvernement Russe témoigne ces jours-ci des sentiments amicaux à l'égard de la Sublime Porte. On considère comme un résultat important de ce rapprochement le fait que la Russie a approuvé la dernière Convention financière conclue avec les banquiers de Galata.

"On sait que certaines clauses du Traité Russo-Turc n'ont pu être exécutées jusqu'ici par suite de la situation actuelle de l'Empire, et le Gouvernement Russe, au lieu de s'en plaindre, se montre conciliant et témoigne de l'amitié pour la Sublime Porte. Cette attitude de la Russie attire l'attention de la diplomatie.

"Le Gouvernement Russe n'a qu'à gagner à suivre cette ligne de conduite envers la Turquie."

No. 148.

The Marquis of Salisbury to Sir A. H. Layard.

(No. 146.)

Foreign Office, February 28, 1880.

Sir,

HER Majesty's Government have had under their consideration the terms of the Convention of the $\frac{10th}{22nd}$ November last, entered into between the Porte and the Imperial Ottoman Bank and certain bankers of Galata for the settlement of its foreign and interior debts; and also a memorial and protest addressed to them by the British bondholders of the Turkish Loan of 1862, of which a copy is inclosed.

This loan of 8,000,000*l.* was negotiated in London, and was issued under a contract entered into on the 22nd March, 1862, by the Porte with the Ottoman Bank and Messrs. C. Devaux and Co., under which the revenues arising from certain new taxes on tobacco and salt (which had been created for the purpose), and from the taxes on stamps and patents, were "specially and irrevocably" hypothecated for the due and punctual payment of the dividends of the loan.

In order that those revenues should be more effectually pledged and secured for this purpose, it was agreed that a Commission on behalf of the bondholders should be appointed at Constantinople, who should receive the whole, and after retaining 640,000*l.* for the annual service of the loan, should pay over the balance to the Porte.

On the 7th and 8th April, 1862, a Firman and Letters Patent from the Sultan were issued, directing the formation of this Commission.

Notwithstanding these formal engagements, the Porte has continued in receipt of the revenues pledged to the bondholders, and since January 1876 no interest has been paid on the loan.

The bondholders have now drawn the attention of Her Majesty's Government to the fact that, under the recent Convention, the duties on tobacco and salt, and on stamps

and patents, which had been "specially and irrevocably" hypothecated for the service of this loan, have been farmed out to the Ottoman Bank and the Galata bankers (together with other duties), and that the whole of the rental payable by them to the Porte in respect of this farm is to be applied in the first place to the liquidation in full, with interest at the rate of 8 per cent. per annum, of certain existing debts amounting to no less than 8,725,000*l.*

These debts, which are specified in Article VIII, are due to the Ottoman Bank and to some of the Galata bankers who are parties to the Convention.

The liquidation of their debts is to be effected by quarterly payments of 275,000*l.*, and the Convention, though made nominally for ten years, is to continue in force so long as any moneys remain due to them for principal or interest.

Subject to these quarterly payments of 275,000*l.*, the balance of the rental payable by the bankers is to be charged, together with certain other public revenues, with the annual payment of 1,350,000*l.* for the service of the foreign and interior debts of the Porte, and it is computed that the bondholders under this arrangement will probably receive interest at the rate of ½ per cent. per annum.

The Convention has been sanctioned by an Imperial Decree of the same date, in which it is declared that the rights of the bondholders are thereby left intact.

Her Majesty's Government are unable to view the transaction in that light. They are of opinion not only that the rights of the bondholders have been violated by this Convention, but that the particular circumstances of the case are such as to call for diplomatic representation.

It is unnecessary to consider how far a State, at a period of great emergency, and in order to obtain a fresh loan which might avert a national disaster, might be thought excusable for disposing temporarily of resources at its command without immediate reference to prior obligations. That case has not arisen.

The object and effect of the present Convention and Decree is not the raising of a new loan, but the liquidation in full, with interest at the rate of 8 per cent. per annum, of certain existing liabilities amounting to nearly 9,000,000*l.*; and this liquidation is to be effected out of revenues antecedently pledged by the Porte to prior creditors.

The case is one not only of unjust preference as between different classes of public creditors, but of actual misapplication of securities on which the British bondholders have an undoubted prior lien for their advances to the Ottoman Government, and of the benefits of which it is sought to deprive them without any justification on the score of political necessity or otherwise.

The memorialists observe that "this is the first public solemn attempt by the Porte to assign property specially pledged to any section of its creditors to third parties."

On the grounds above stated, I have to instruct you to protest officially, on behalf of Her Majesty's Government, against the execution of the Convention and Decree, so far as they purport to apply to the liquidation of the debts specified in Article VIII the revenues arising from duties on tobacco, salt, and stamps and patents, which were pledged by the Ottoman Government to the bondholders of the Loan of 1862.

You are authorized to leave a copy of this despatch with the Turkish Minister for Foreign Affairs.

I am, &c.
(Signed) SALISBURY.

No. 149.

The Marquis of Salisbury to Lord Lyons.

(No. 201.) *Foreign Office, March* 1, 1880.

My Lord,

I HAVE been informed by the Lords Commissioners of Her Majesty's Treasury that notice has been received from the Bank of England to the effect that the Turkish Government have made no provision to meet the interest due on the 1st instant upon the Imperial Ottoman Guaranteed Loan of 1855. The amount necessary for this purpose being 76,304*l.* (inclusive of interest upon bonds for 413,600*l.*, which have been drawn for redemption but are still unpaid), has therefore been advanced by the Bank of England.

I request that you will inform the French Government of the above, and will

state that Her Majesty's Government have requested the Porte to take such measures as may be in its power to repay the sum thus advanced.

I am, &c.
(Signed) SALISBURY.

No. 150.

The Marquis of Salisbury to Musurus Pasha.

Foreign Office, March 1, 1880.

M. l'Ambassadeur,

I REGRET that it is again my duty to inform your Excellency that an intimation has been received from the Bank of England to the effect that no provision has been made by your Government for the payment of the interest due on the 1st ultimo on the Imperial Ottoman Guaranteed Loan of 1855. The amount necessary for this purpose being 76,304*l.*, with the inclusion of interest on bonds for 413,600*l.*, which have been drawn for redemption but which are still unpaid, has been advanced by the Bank of England.

I request that your Excellency will have the goodness to bring the above to the knowledge of your Government without delay, in order that they may take such measures as are in their power for the repayment of the sum advanced.

I am, &c.
(Signed) SALISBURY.

No. 151.

Lord Lyons to the Marquis of Salisbury.—(Received March 9.)

(No. 190.) *Paris, March* 8, 1880.

My Lord,

I HAVE the honour to inform your Lordship that I have this day addressed a note to the French Government in the terms of your Lordship's despatch No. 201 of the 1st instant, and have informed that Government of the advance made by the Bank of England on account of the Imperial Ottoman Guaranteed Loan of 1855.

I have, &c.
(Signed) LYONS.

No. 152.

Lord Lyons to the Marquis of Salisbury.—(Received March 16.)

(No. 220.) *Paris, March* 15, 1880.

My Lord,

WITH reference to your Lordship's despatch No. 200 of the 1st instant, and to my despatch No. 190 of the 8th instant, I have the honour to transmit to your Lordship a copy of a note in which M. de Freycinet informs me that he has instructed the French Ambassador at Constantinople to address representations to the Porte on the subject of its failure to provide for the interest, due on the 1st instant, on the Ottoman Guaranteed Loan of 1855.

I have, &c.
(Signed) LYONS.

Inclosure in No. 152.

M. de Freycinet to Lord Lyons.

Paris, le 12 *Mars,* 1880.

M'Ambassadeur,

VOTRE Excellence a bien voulu m'annoncer par sa lettre du 8 de ce mois que, la Porte ayant fait une fois de plus défaut à l'échéance semestrielle des intérêts de l'Emprunt de 1855, solidairement garanti par la Grande Bretagne et la France, la Banque d'Angleterre s'est vue de nouveau dans la nécessité d'avancer le montant de la somme due, de ce chef, par le Gouvernement Ottoman. En présence de cette situation, le Gouvernement Britannique a chargé son Ambassadeur à Constantinople

d'insister auprès de la Porte pour qu'elle prenne le plus tôt possible des mesures en vue de rembourser à la Banque d'Angleterre les avances que cet établissement a consenties.

J'ai l'honneur de remercier votre Excellence de ces informations, et je m'empresse de vous annoncer que j'ai immédiatement invité M. Fournier à faire, de son côté, auprès de Sawas Pacha une démarche analogue à celle que le Gouvernement Britannique a prescrite à Sir H. Layard.

Agréez, &c.
(Signé) C. D. FREYCINET.

No. 153.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received March* 26.)

(No. 302.)
My Lord, *Constantinople, March* 13, 1880.

WITH reference to your Lordship's despatch No. 146 of the 28th ultimo, I have the honour to inclose a copy of the note I have addressed to the Turkish Minister for Foreign Affairs, protesting, as instructed by your Lordship, against the execution of the Convention of the $\frac{10th}{22nd}$ November last, entered into between the Porte and the Imperial Ottoman Bank and certain bankers of Galata for the settlement of its foreign and interior debts, and accompanying Decree, so far as they purport to apply to the liquidation of the debts specified in Article 8, the revenues arising from the duties on tobacco, salt, and stamps and patents, which were pledged by the Ottoman Government to the bondholders of the Loan of 1862.

I have, &c.
(Signed) A. H. LAYARD.

P.S.—I have also, as instructed by your Lordship, given a copy of your despatch to Sawas Pasha.

Inclosure in No. 153.

Sir A. H. Layard to Sawas Pasha.

M. le Ministre, *British Embassy, March* 13, 1880.

WITH reference to your Excellency's note of the 1st December last, communicating to me the Convention concluded on the $\frac{10th}{22nd}$ November last, and of a Decree confirming the same by which the duties on tobacco and salt and on stamps and patents have been farmed out by the Sublime Porte to the Imperial Ottoman Bank and certain bankers of Galata, I have been instructed by Her Majesty's Government to protest officially on their behalf, and I hereby protest against the execution of the said Convention and Decree so far as they purport to apply to the liquidation of the debts specified in Article 8 of the Convention, the revenues arising from these duties which were specially and irrevocably hypothecated and pledged by the Ottoman Government for the due and punctual payment to the bondholders of the dividends on the Loan of 1862.

I am further authorized to leave with your Excellency the accompanying copy of a despatch addressed to me on this subject by Her Majesty's Secretary of State for Foreign Affairs.

I avail myself of this opportunity to renew to your Excellency the assurance of my high consideration.

I avail, &c.
(Signed) A. H. LAYARD.

No. 154.

Sir A. H. Layard to the Marquis of Salisbury.—(*Received April* 1.)

(No. 333.)
My Lord, *Constantinople, March* 23, 1880.

WITH reference to your Lordship's despatch No. 146 of the 28th ultimo, I have the honour to transmit to your Lordship herewith the answer which the Turkish

Minister for Foreign Affairs has returned to my note of the 13th instant, conveying to the Sublime Porte the protest of Her Majesty's Government against the loan recently contracted between the Turkish Government and certain Galata bankers.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 154.

Sawas Pasha to Sir A. H. Layard.

M. l'Ambassadeur, *Sublime Porte, le* 22 *Mars,* 1880.

J'AI reçu la note que votre Excellence m'a fait l'honneur de m'adresser le 13 Mars, ainsi que la copie en annexe d'une dépêche adressée à votre Excellence par son Excellence le Secrétaire d'Etat des Affaires Etrangères de Sa Majesté Britannique.

Par cette note votre Excellence proteste contre la Convention passée entre le Gouvernement Impérial, la Banque Impériale Ottomane, et certains banquiers de Galata, à la date du 22 Novembre dernier, comme portant atteinte aux droits des porteurs des titres de l'Emprunt de 1862.

La Sublime Porte a pris en haute considération cette protestation et a porté sa plus sérieuse attention sur les raisons exposées dans la dépêche de sa Seigneurie Lord Salisbury pour confirmer les griefs des porteurs de titres. Je m'empresse de soumettre au jugement éclairé de votre Excellence le résultat de cette étude. Je le fais avec une confiance entière, bien convaincu non-seulement que votre Excellence appréciera la valeur des explications de la Sublime Porte, mais encore qu'elle n'hésitera pas à les appuyer près du Gouvernement de Sa Majesté Britannique.

En premier lieu, il est nécessaire de rappeler que les droits sur le tabac, le sel, et l'impôt du timbre (le droit de patente n'était pas encore créé et est encore aujourd'hui à l'état de projet) bien que spécialement affectés au service de l'Emprunt de 1862, n'ont jamais reçu en fait cette destination, et que depuis l'année 1862 jusqu'à la fin de l'année 1875, il a été pourvu à ce service au moyen d'autres ressources, d'où il suit que, dès l'origine, cette clause des stipulations financières était restée à l'état de lettre-morte, et que durant cette période de plus de treize années, le Gouvernement a constamment disposé des revenus affectés à la pleine connaissance des intéressés, et a même contracté des emprunts temporaires garantis par ces revenus. Au surplus, il en a été de même des autres emprunts extérieurs, dont le service, bien qu'également garanti par des revenus spéciaux, n'a jamais été fait au moyen de ces revenus.

A partir de l'année 1876 le Gouvernement Impérial, placé dans l'alternative de laisser en souffrance les services de l'Etat et de désorganiser son Administration, ou de suspendre momentanément le service de sa Dette Publique, a dû subir et faire subir à ses créanciers cette dernière nécessité; mais cette suspension a été générale et a atteint au même degré et au même titre toute la Dette Publique, tant intérieure qu'extérieure. Depuis cette époque jusqu'à la Convention du 22 Novembre dernier, qui fait l'objet de la note de votre Excellence, le Gouvernement Impérial a continué, non-seulement à percevoir les revenus affectés au service de l'Emprunt de 1862, mais encore à les escompter suivant ses besoins, en se faisant avancer le montant d'une ou de plusieurs années de revenu par des capitalistes du pays. Cet état de choses a duré jusqu'au mois de Novembre dernier, et je prie votre Excellence de vouloir bien constater qu'à cette date les revenus des sels et des tabacs aussi bien que l'impôt du timbre étaient engagés entre les mains de banquiers; le Gouvernement Impérial les avait escomptés sous la forme habituelle; de sorte que la Convention du 22 Novembre n'a point eu pour effet de créer l'état de choses contre lequel s'élèvent les porteurs de titres de l'Emprunt de 1862, cet état de choses, c'est-à-dire l'affectation de ce revenu à d'autres créanciers, existant déjà à cette date.

La Convention du 22 Novembre a été non point une innovation, mais un simple remaniement destiné d'une part à permettre au Trésor de faire face aux besoins les plus puissants de l'Etat, et d'autre part, à procurer à l'ensemble des porteurs de la Dette Publique un premier dividende, qui doit être le point de départ d'une amélioration constante dans le sort des créanciers de l'Etat.

Pour se rendre bien compte du caractère de cette Convention, et pour reconnaître qu'il n'a été porté aucune atteinte aux droits des porteurs de l'Emprunt de 1862, il suffit de supposer que cette Convention n'a pas été faite. Dans ce cas, qu'arriverait-il?

Il arriverait que durant dix années, terme de la Convention, le Gouvernement Impérial percevrait ces mêmes revenus, et les emploierait aux besoins les plus impérieux de l'Etat, ce qui n'améliorerait en aucune façon le sort des porteurs de titres. La seule différence c'est qu'au lieu de percevoir lui-même et d'année en année ces mêmes revenus, il en abandonne la perception à ceux qui lui en ont compté le montant par anticipation.

Je prie instamment votre Excellence de remarquer que les porteurs de tous les emprunts extérieurs contractés par la Turquie se trouvant en fait et en droit exactement dans la même situation que les porteurs de l'Emprunt de 1862, puisque tous ces emprunts étaient, aussi bien que celui-ci, dotés d'affectations spéciales sur des revenus déterminés. Tous ont donc été atteints dans les mêmes conditions, et tous doivent attendre de la restauration des finances Ottomanes la reprise sur une plus large échelle du service de leurs dividendes, interrompu par cause de force majeure.

Ce n'est pas une vaine parole qu'a prononcée le Gouvernement Impérial lorsqu'il a proclamé qu'il n'était porté aucune atteinte aux droits des porteurs, puisqu'en effet, s'il est vrai que ces droits ne peuvent être exercés aujourd'hui par suite des raisons d'Etat, dont votre Excellence elle-même reconnaît l'empire, et pour éviter un désastre national, il est non moins vrai que le Gouvernement Impérial n'a point repudié sa ferme résolution de remplir ses engagements envers ses créanciers, dès qu'il lui sera possible de le faire sans danger pour l'Etat.

Je m'adresse maintenant et tout particulièrement à la haute raison et aux sentiments d'équité dont votre Excellence est animée, en lui demandant si elle croit qu'il eût été possible de songer à établir l'équilibre du Budget en abandonnant aux porteurs de l'Emprunt de 1862 les droits sur les tabacs et le sel, et l'impôt du timbre, et enfin si, même dans cette hypothèse, malheureusement inadmissible, il eût été permis d'avantager ainsi l'un des emprunts extérieurs, sans accorder les mêmes avantages à tous les autres emprunts qui, je le répète, ont été créés et émis dans des avantages identiques.

Je crois avoir démontré que la Convention du 22 Novembre n'a ni modifié ni aggravé la situation des créanciers de l'Etat en ce qui concerne les affectations de revenus qui leur avaient été accordées, et dont-ils n'ont joui à aucune époque; que cette Convention, véritable mesure de salut public, ouvre au contraire à nos créanciers une perspective plus rassurante sans altérer le principe d'aucun de leurs droits, et qu'enfin, pour trouver matière à une protestation fondée, il faudrait remonter au lendemain même du jour où l'Emprunt de 1862 a été contracté, ou bien encore au jour où le service des emprunts a été suspendu. Mais, à cet égard, je suis entièrement rassuré, car jamais le Gouvernement de Sa Majesté Britannique et votre Excellence ne consentiraient à rendre le Gouvernement actuel de Sa Majesté Impériale le Sultan responsable des actes auxquels il n'a point participé, ou d'événements anciens dont il a dû subir les conséquences.

J'espère que votre Excellence trouvera ces explications satisfaisantes; mais, en tout cas, je le prie instamment de vouloir bien me signaler soit les lacunes de mon raisonnement, soit l'insuffisance de mes démonstrations, car j'ai la conviction que les doutes qui pourraient encore subsister dans son esprit s'évanouiraient devant un examen plus complet et une discussion plus approfondie.

Veuillez, &c.
(Signé) SAWAS.

No. 155.

Mr. Guedalla to Earl Granville.—(*Received May* 12.)

My Lord, 12, *Talbot Square, Hyde Park, London, May* 11, 1880.

THE Porte has concluded a most iniquitous Financial Convention for ten years with the Ottoman Bank and the Galata Bankers. As Chairman of the English Committee of the General Debt of Turkey, Five per cent., amounting to 86,000,000*l.* sterling, and on behalf of the General Committee of Turkish Bondholders, I strongly protest against the miserable pittance of 1,350,000*l.* set aside (but only on paper) for them annually out of the revenues on tobacco, salt, spirits, stamps, silk, and fish, which were hypothecated to the bondholders of all the numerous loans contracted from 1858 to 1874, and also against the confiscation *in toto* of the Customs duties and other securities by the Turkish Government towards their own urgent immediate wants, without even the usual courtesy of previously consulting our Committee or those of France,

Belgium, Holland, and Italy, with whom we are in union. Turkey having suspended payment and not paid interest for four years, cannot make any partial and special arrangement in favour of this or that loan.

Not one of the dividends of the various loans has ever been paid out of the special securities hypothecated, but entirely out of the general revenue or borrowed money.

The 1,350,000*l.* per annum set aside on paper by the Turkish Government will only, even if paid (of which there is not the remotest chance) give ½ per cent. interest per annum to the various loans, instead of 5*l.* and 6*l.* interest annually, exclusive of sinking funds. We are unanimous in our decision not to accept this composition, but with a view to assist Turkey, and animated by a sincere desire to promote her future welfare, from a conviction that her temporary ruin has been brought about by syndicates of money-lenders who have made thereby princely fortunes, we are willing to accept for the present, owing to the poverty of the debtor, an equitable basis of settlement for all the loans. The arrears of coupons, varying from 24*l.* and 28*l.* 10*s.* to 38*l.*, might be funded into a deferred stock to be paid by the Turkish Government in lands, mines, and forests belonging to them to be handed over to an International Commission selected and appointed by the bondholders.

My Lord, I have now stated sufficient to warrant me to hope that your Lordship will, as the French Government has already done, give us active support by instructing the Right Honourable G. J. Goschen to protect our rights and interests endeavoured to be set aside, but which were acknowledged and confirmed by the Great Powers at the Congress at Berlin. I trust he will also be instructed to demand the appointment of an International Financial Commission as agreed to at said Congress through the exertions of the Delegates of the English and French Committees of Turkish bondholders, who personally were present at Berlin during its sittings.

I have, &c.
(Signed) H. GUEDALLA.

No. 156.

Sir A. H. Layard to Earl Granville.—(*Received June* 1.)

(No. 538.)

My Lord, *Therapia, May* 24, 1880.

I HAVE the honour to inclose copy of the Convention between the Ottoman Minister of Commerce and Messrs. Hanson and Ede, for the establishment of an Ottoman Bank for the Vilayet of Adrianople, which has received the Imperial sanction. I have taken much interest in this scheme, as, if it be successfully carried out, it will be of great advantage to the small landed proprietors, Mussulmans and Christians, who have been deprived of the means of cultivating their lands, and have lost all they possessed in consequence of the late war, and may encourage and develop agriculture in an important province of the Empire.

Your Lordship will perceive that the Ottoman Government undertakes, in the XVIth Article of the Convention, to use its influence with the Eastern Roumelian Government to grant to the concessionnaires a similar Convention for the establishment of a like bank in Eastern Roumelia. If such a Concession could be obtained for that province, it might be of the greatest benefit to the starving Mussulman refugees who have no means of cultivating the lands which belong to them, or apparently of regaining possession of those of which they have been deprived by the Bulgarians. But I fear that unless some foreign influence be used, there is little chance of the Eastern Roumelian Government, as at present constituted, granting the privilege required to two British subjects.

I have, &c.
(Signed) A. H. LAYARD.

Inclosure in No. 156.

Convention for the Establishment of an Agricultural Bank for the Vilayet of Adrianople.

ARTICLE I. The Imperial Ottoman Government authorizes Messrs. Charles Hanson and Edward Ede to form an agricultural bank, with a capital of 1,000,000*l.*, for the Vilayet of Adrianople and the Sandjak of Cazai Erbayé.

Art. II. The Bank shall be styled the Ottoman Agricultural Bank, and the term of the Concession shall be fifty years from the date of the Firman.

Art. III. The object of the Bank shall be—

(*a.*) To lend money to agriculturists and landed proprietors on their lands, real estate, crops, and other movable property ("biens mobiliers").

(*b.*) To buy on commission for the agriculturists who may desire it, mowing and thrashing machines, and all other agricultural implements, as also cattle and seeds.

(*c.*) To sell the produce of the cultivators for them on commission when they desire it.

The Bank shall not be allowed to purchase on its own account any produce which may be consigned to it for sale on commission.

Art. IV. The Bank may receive moneys on deposit or in account current, with or without interest.

The Bank shall have the right to engage in all other operations which may be of a nature to encourage the development of agriculture, which is the special object of its creation.

Art. V. The amount of advance to be made on security to be given on the land to be transferred ("vefaën") by the agriculturists shall be fixed in each case by mutual agreement between the Bank and the borrower, and the valuation of the security offered shall rest entirely with the Bank.

Art. VI. The annual interest on advances made as above specified may be taken in advance, and the rate of such interest shall not exceed 10 per cent. per annum.

Art. VII. The Bank shall not demand the repayment of the principal advanced by it to the borrowers before the expiration of fifteen years, provided that the borrowers pay the interest thereon punctually year by year.

The borrowers shall be allowed a delay of grace of two years from the expiration of any year in which interest was received in advance to pay up such interest as may have fallen into arrears. However, in that case, the interest of the second year shall be calculated at 11 per cent. and the interest of the third year at 12 per cent.

If the borrowers should abandon their lands, or neglect to cultivate them after having obtained a loan against them, they shall forfeit the above privilege of the two years' delay of grace, and the Bank shall have the power to sell their property during the second year.

Art. VIII. In the case that the borrower does not pay the moneys borrowed by him, or the interest accruing thereon, at the expiration of three years from the date of the loan, as stipulated in the preceding Article, the Bank shall have the right to sell, by the intervention of the local authorities, the securities, and to transfer the lands made over to it, without having recourse to any Tribunal or instituting any legal proceedings.

Such sale shall at all times be made by public auction, and in the manner stipulated in the Cahier des Charges.

If the borrower should desire to sell his property otherwise than by public auction, the Bank may so act in his interest according to his desire.

The Bank shall have the right of purchasing for its own account the securities put up for sale at public auction, or by private agreement with the borrower.

Art. IX. Although the Bank may acquire such property for its own account, as stated in the preceding Article, the Bank must resell such property, and transfer it to a private party before the expiration of three years.

Art. X. In every case the borrower shall have the right of redeeming his property pledged as security at any period when he shall have repaid the capital and interest thereon of the sum advanced to him, whether by one payment or by payments by instalments.

Art. 11. The Bank shall not be called upon to lay out in such advances upon property more than three-fourths of its capital. It shall, however, have the power to exceed this proportion if it should think fit.

Art. 12. During the first twenty-five years of this Concession the Bank shall be exempt from all transfer duties and other transfer charges on the transfer of property, whether on the transfer of it to the Bank as security for advances, or on its re-transfer to

the proprietors, excepting always ("varacha paha") the price of the Government official forms, and ("katibié") the clerk's fees.

The above-mentioned exemption shall cease on the expiration of the first twenty-five years of this Concession. After this period the Bank will be subject to the laws of the Empire in regard to the above exemption.

The above-mentioned exemption, which shall apply only in the Vilayet of Adrianople and the Cazai Erbayé ("home district round Constantinople"), shall be granted exclusively to this Bank, and cannot be extended to any other banking establishment of this nature, or to any private individuals, in the above-named province and districts.

Art. XIII. The Bank must be formed within four months of the issue of the Firman of Concession, and shall be subject to the laws of the Ottoman Empire.

Art. XIV. The principal seat of the Bank shall be at Constantinople or Adrianople, but it may establish branches at any place in the above-named province or districts necessary for its operations. It may also have a branch in London and Paris.

The Ottoman Government will use its influence with the Eastern Roumelian Government to grant to the concessionnaires of this Bank a similar Convention for the establishment of a like bank in that province.

Art. XV. The Cahier des Charges, drawn up in accordance with the conditions herein set forth, shall be presented to the Imperial Ottoman Government for examination and approval within two months of the date when the formation of the Bank shall have been declared and proved.

Art. XVI. In the case that the Bank be not formed within four months, as specified in Article XIII, the present Convention shall be null and void.

Art. XVII. The present Convention shall not come into force until after the presentation and approval of the Cahier des Charges as above mentioned.

The present Convention having been transcribed textually in the Imperial Firman of Concession, a legalized copy thereof has been communicated to the Ministry of Commerce.

Constantinople, 19 *Djémazil Ewel*, 1297 (28 *or* 29 *April*, 1880, A.D.).

(This Convention was finally reciprocally signed by the Minister of Commerce, Charles C. Hanson, and Edward F. Ede, on the $\frac{1st}{13th}$ May, 1880, and the Firman delivered to the concessionnaires the $\frac{3rd}{15th}$ May, 1880.)

No. 157.

Mr. Goschen to Earl Granville.—(*Received June* 15.)

(No. 12.)

My Lord, *Therapia, June* 6, 1880.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch No. 15 of the 27th ultimo, inclosing a copy of Mr. Gucdalla's protest against the Financial Convention concluded between the Porte and the Ottoman Bank and the Galata bankers. I presume that, as Mr. Gucdalla's letter is only forwarded to me for my information, it is not your Lordship's wish that I should take any steps in the matter.

I have, &c.

(Signed) GEORGE J. GOSCHEN.

No. 158.

Vice-Consul Jago to Earl Granville.—(*Received June* 17.)

(No. 7. Consular.)

My Lord, *Damascus, May* 31, 1880.

I HAVE the honour to transmit herewith the copy of my despatch of this day's date to Her Majesty's Ambassador at the Porte, reporting obstacles to execution of the Regulations of the Tobacco "Régie."

I have, &c.

(Signed) THOS. S. JAGO.

Inclosure in No. 158.

Vice-Consul Jago to Sir A. H. Layard.

Damascus, May 31, 1880.

Sir,

WITH reference to the Concession by the Sublime Porte of the so-called six indirect taxes to a Syndicate of Galata bankers, I have the honour to inform your Excellency that his Highness Midhat Pasha has just telegraphed to the Porte his reasons for declining to aid the local agent of the said Syndicate in enforcing the Regulations of the Tobacco "Régie" in the outlying districts of Syria.

The Regulations in question have been hitherto a dead letter in Syria until the recent advent of the representative of the Syndicate of Bankers, when the assistance of the Government has been invoked by the former to carry out strictly the Regulations of the "Régie." This assistance, so far as Damascus is concerned, has been recently readily and efficaciously rendered to a French gentleman of Beyrout, who is now temporarily here on this service, with the necessary result of finding an enormous amount of contraband trade carried on openly, and apparently with the knowledge of officials.

Whether the discoveries and seizures which have taken place will effect any permanent change in this contraband trade is, however, more than doubtful.

The French Agent having expressed his intention to visit the districts of the Hauran, Homs, and Hamah, his Highness has refused him the necessary escort, on the ground of the danger he may run in attempting to enforce upon these half-settled districts a tax which, in view of the excessively low primary cost of tobacco in this country (3 to 10 piastres per oke), will increase the price to consumers to four and-five-fold, thus offering an additional premium to contraband, and rendering the establishment of any control, no matter how temporary and superficial, a work fraught with danger to those attempting it, even with the assistance of the authorities.

I have, &c.

(Signed) THOS. S. JAGO.

No. 159.

Lord Tenterden to Sir R. Lingen.

(Confidential.)

Foreign Office, June 19, 1880.

Sir,

I AM directed by Earl Granville to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a telegram which has been received from Mr. Malet,* and which refers to a statement made by his Lordship in the House of Lords on the 8th instant. Lord Granville would be glad to be informed if any portion of the amount of the interest of the 1855 Loan, chargeable to the Egyptian Tribute, is owing, or whether, as his Lordship presumes, the sum still due is the balance remaining after the receipt of the Tribute payment.

I am, &c.

(Signed) TENTERDEN.

No. 160.

Earl Granville to Lord Lyons.

(No. 792.)

Foreign Office, June 20, 1880.

My Lord,

I TRANSMIT to your Excellency herewith an extract of a letter from the Treasury having reference to the disposal of a sum of 73,80*l.* recently placed at the disposition of the Bank of England by the "Caisse de la Dette," in Egypt, for the payment of arrears due on the Ottoman Guaranteed Loan of 1855.†

Your Lordship will perceive that, while 33,011*l.* 2*s.* 5*d.* of this sum is due to the French Government, Her Majesty's Government have a counter claim against that

* Mr. Malet, No. 104 (Telegraphic).
† Treasury, June 8.

Government amounting to 30,501*l.* 1*s.* 3*d.*, and that their Lordships wish to know whether this claim should be separately dealt with, or whether they should recoup themselves out of the balance now in hand, paying the difference, viz., 2,510*l.* 1*s.* 2*d.* to the French Government.

I have to request that you will ascertain from M. de Freycinet what are the wishes of his Government in regard to this matter.

I am, &c.

(Signed) GRANVILLE.

No. 161.

Memoranda on the Turkish Debt communicated to Earl Granville by Mr. Bouverie, July 1.

I.—*The Turkish Default in* 1875.

THE Iradé of the 6th October, 1875, decreed that for the next five years to come only one-half of the interest and drawing of all funded loans—with the exception of the Guaranteed Loan of 1855—shall be paid in cash, and the other half in new 5 per cent. scrip at par. All special hypothecations were ignored, and the revenues derived from the customs, tobacco, salt, the Egyptian Tribute, and a portion of the sheep tax were to be set aside into a special Caisse for meeting the reduced service of the debt, estimated to require henceforward about £ T. 7,000,000 in cash annually.

This Iradé was first carried into effect—as regards the payment of the cash portion—on those loans the interest and drawings of which became payable in January 1876; but, with the exception of subsequent half payments of interest and drawings of the 1854 and 1871 Loans, which were independently secured by the direct remittance of the Egyptian Tribute, no payments on the other loans, under the terms of the Iradé, were made, and subsequently it was declared to have been repealed.

II.—*Extracts from published Official Statements as to the Amounts required under the Iradé of the 6th October, 1875, for the service of the Bonded Debt and provision for the same during the Financial Year* 1292 (*13th March*, 1876–77).

The subjoined details have been preserved, as they give some information as to the amount of the debt service and as to the revenues from various sources and places. The exchange for the English loans is taken at 109 piastres 19 paras per *l.* sterling, and for the French loans at 86 piastres 19 paras per Napoleon d'or. The bankers' commission—generally 1 per cent.—is included.

1. Debts to be guaranteed by the Egyptian Tribute:

A. *Amounts required for the Half-Cash Payment.*

	£	s.	d.	£ T.	p.
A. 1864 Loan for 10th October, 1876, and 10th April, 1877				144,499	88
B. 1855 Loan for 1st August, 1876, and 1st February, 1877—payment in full				278,349	98
C. 1858 Loan for 1st September, 1876 and 1st May, 1877	177,328	15	6		
Less covered by other revenues	37,547	9	0		
	139,781	6	6	= 153,025	00
D. 1871 Loan for 10th October, 1876, and 10th April, 1877				220,586	10
Total				761,461	56

B. *Security Assigned.*

Original Egyptian Tribute	750,000	00
Port of Zeila Tribute	15,000	00
	765,000	00
Less certain pensions allowed	3,538	44
Total as above	761,461	56

2. Debts to be guaranteed by the Revenues derived from Customs, the Sheep Tax, and Tithes.

A. Amounts required for the Half Cash Payment.

	£ T.	p.	p.
A. 1860 Loan 1st July, 1876, and 1st January, 1877	76,746	13	00
B. 1862 „ „ „	354,740	60	20
C. 1863 „ „ „	263,009	86	20
D. 1864 „ „ „	88,583	10	00
E. 1865 „ „ „	276,007	1	00
F. 1869 Loan 1st October, 1876, and 1st April, 1877	851,141	7	20
G. 1872 Loan 13th July, 1876, and 13th January, 1877	922,549	11	00
H. 1873 Loan 1st October, 1876, and 1st April, 1877	824,787	38	00
I. 1858 Loan, balance 37,517*l.* 9*s.*, not covered by the Egyptian Tribute, .	.. = 41,105	7	00

K. 1870 Roumelian Railway Lottery Bonds, viz.:—

	Fr.
1st April, 1876 ..	12,335,500
1st June, 1876 ..	920,000
1st August, 1876 ..	520,000
1st October, 1876 ..	12,747,100
1st December, 1876 ..	520,000
1st February, 1877 ..	940,000
	27,982,600=£ T. 1,212,695 92 prs., one half of which=606,347 96 00
L. 1865-74 General 5 per Cent. Loan, 13th July, 1876, and 13th January, 1877 ..	1,041,222 00 00
M. Approximate amount of interest payable during the above year on the new 5 per Cent. Scrip to be issued for the unpaid half of the service	228,033 98 00
Total	6,474,823 88 00
Supplementary resources set aside to meet delays or deficiencies in the revenues for the above services	525,176 12 00
Total	7,000,000 00 00

B. Security Assigned.

	£ T.	£ T.
A. Indirect taxes, viz.:—		
Customs	2,086,165	
Tobacco	1,653,000	
Silk duty	55,500	
Spirits	294,305	
Stamps	301,500	
Salt	808,490	
Post	18,540	
Fish	33,350	
	5,250,940	
Less expenses, including drawbacks and compensations allowed to the Treasuries of the Vilayets of Crete, Yemen, the Hedjaz, Lebanon, and Santori	1,350,940	
		3,900,000
B. The sheep tax of the following Vilayets:—		
Aidin	102,330	
Salonique	141,860	
Syria	42,890	
Ile de Chypres	9,750	
Brousse	77,300	
Danube	326,150	
Konieh	52,460	
Monastir	112,520	
Adrianople	220,400	
Castambol	36,240	
Trebizond	3,200*	
Angkora	27,770	
Yanina	146,430	
		1,302,600

* The Budget amount in this case is £ T. 16,430, in all other cases it is identical with the above.

C. The tithes of the following Vilayets:—		£ T.		£ T.	
Aidin,	to the extent of	300,000	out of Budget amount	169,470	
Salonique	„	300,000	„	359,310	
Brousse	„	250,000	„	403,170	
Danube	„	262,100	„	1,001,580	
Adrianople	„	325,000	„	883,930	
Castamboul	„	50,000	„	201,350	
Konieh	„	100,000	„	260,420	
Alep	„	60,000	„	169,330	
Sivas	„	50,000	„	219,130	
Adana	„	50,000	„	120,540	
Angkora	„	50,000	„	152,980	
	Or out of			4,274,510	
	An amount of				1,797,490
	Total as above				7,000,000

Note.—The cash portion payable in respect of the amount due on the 1st April, 1876,	£ T.	p.
on the 1869 Loan	425,398	19
And on the same date on the 1873 Loan, ...	429,984	74
Total	855,382	93

Was to be provided from the arrears of the revenues for the year 1291 destined to the service of the debt, and amounting to £ T. 1,993,070 67 prs.

An analysis of this official statement shows that the annual service of the bonded debt required in 1876 for payment of interest and drawings, to the extent of one-half only in cash, together with the banker's commission, an amount of £ T. 6,871,576 47 piastres cash, or say at £ T. 11 for 10*l.* sterling, an amount of 6,246,888*l.* sterling, therefore for the full payment 12,493,776*l.* sterling per annum.

In the annexed tabular statement of the debt, all the bonds created are assumed to have been issued, with the exception of the cover, in 5 per cent. general bonds, reserved for a possible conversion of the outstanding 6 per cent. Treasury bonds of 1872. The amount of the annual service of interest and sinking fund thus obtained is 12,544,629*l.*, or about 50,000*l.* more than in 1876, since which date many of the unplaced bonds, deposited as security, have been put into circulation.

The 5 per cent. Ottoman Defence Loan of 1877 has made no difference in the annual amount, as the service of this loan is provided for by the arrangement with the 1854 and 1871 bondholders of the 17th September, 1877, according to which the necessary amount, out of the Egyptian Tribute, had been relinquished by the said bondholders, in favour of the 1877 Loan.

III.—*The Turkish Bonded Debt in June* 1880.

The annexed tabular statements of the entire bonded debt of Turkey, in June 1880, have been specially compiled from the best official and other sources available. Under the seventeen headings used in these statements will be found all the requisite particulars for each loan.

A reference to the annexed "general" statement of the debt will show that the total principal now in default amounts to 190,945,137*l.*, and the arrears of interest to 45,563,957*l.* There is in addition a principal of 15,841,750*l.* on which the service is being duly paid.

The annual service for above principal in default requires—

	£
For interest	9,816,516
For sinking fund	1,875,501
Total .. .. per annum	11,692,017

And, in addition, 852,612*l.* for above principal, not in default, which sum is provided by the direct remittance of the Egyptian Tribute, and the payments made, in the first instance, by England and France on the Guaranteed Loan of 1855.

The following additional remarks on the various loans must be read in conjunction with the details given in the tabular statements for the particular loan referred to.

IV.—*General Remarks on the Egyptian Tribute Loans.*

These loans are based on the security of the Egyptian Tribute which is remitted by the Khedive direct to England.

The Tribute owes its origin to the Treaty of the 15th July, 1840, entered into between England, Austria, Russia, and Prussia and the Porte for the settlement of the position of Mehemet Ali, Pasha of Egypt—who was then in victorious revolt against the Sultan—and of his male descendants as rulers of Egypt. The hereditary possession of the Throne of Egypt was affirmed, with the guarantee of these Powers and the subsequent active support of France, by a Firman of the Sultan, under a similar Law of Succession as that which rules in Turkey, including the right of collecting taxes, &c. In consideration of these privileges the Pasha undertook to pay an annual tribute of 80,000 Turkish purses, say 363,640*l.*, subject to a deduction of some 81,640*l.* for certain payments in support of the holy places in the Hedjaz.

The Sultan's Firman of the 27th May, 1866, raised the Tribute to 150,000 purses, say 681,820*l.*, in consideration of which the father of the present Khedive received the title of "Khedive" and the promise of succession in his own family in direct order of male primogeniture to his own son, and so on, instead of to the next eldest relative of Mehemet Ali's family.

The Tribute was further augmented by 3,000 purses, say 13,640*l.*, in July 1875, on the occasion of the cession to the Khedive of the port of Zeila, in the Gulf of Aden.

The total Tribute payable, after deduction of some £ T. 3,538*l.* for certain pensions, amounts to £ T. 761,462, or, say, 681,872*l.* 4*s.* 5*d.* sterling.

V.—*The* 1854 *Tribute Loan.*

As this loan has been dealt with by the Agreement of the 17th September, 1877, with the bondholders, it will probably suffice to state that the service of the original loan, amounting to 210,000*l.* per annum, besides bankers' commission, has been reduced, by consent, to 99,016*l.* 10*s.* for the present, reduced, 5 per cent. interest and ½ per cent. sinking fund. The first annual drawing, 9,000*l.*, under the new arrangement was held on the 16th October, 1877.

The balance of the Egyptian Tribute hypothecated has been released by the bondholders and placed at the disposal of the Porte for the Ottoman Defence Loan of 1877.

This is a purely English loan.

VI.—*The* 1855 "*Guaranteed*" *Tribute Loan.*

The balance of the original Tribute of 282,000*l.*, viz., 72,000*l.* per annum, together with the customs of Smyrna, then estimated at 180,000*l.*, and of Syria, 100,000*l.*, are assigned as security for the service of this loan.

The "interest" only is guaranteed by the allied Powers, through the Convention of the 27th June, 1855, between Great Britain, France, and the Sultan. The Porte was to provide the sinking fund at 1 per cent., and reserve to itself the right to redeem the loan after the 1st August, 1879. The Porte is generally indebted to England and France for the payment, in the first instance, of the interest. In June 1880 the amount so owing was about 61,000*l.* No provision is made for the sinking fund.

The remittances of the 72,000*l.* Tribute are to be made by the Khedive according to the arrangement of the 17th September, 1877, as follows:—

	£
On the 18th December	14,100
„ 27th December	14,100
„ 16th January	7,800
„ 26th June	15,700
„ 12th July	15,700
„ 27th July	4,600
Total	72,000

This is principally an English loan, and held in France to but a limited extent.

VII.—*The* 1871 *Tribute Loan.*

According to the Agreement of the 17th September, 1877, with the bondholders, the annual service of the original loan, amounting to 399,000*l.*, besides bankers' commission, has been reduced to 228,594*l.* 15*s.* for the 4½ per cent. interest—the sinking fund is suspended until the redemption of the 1854 Loan—and 1,142*l.* 10*s.* 6*d.* bankers' commission: total, 229,737*l.* 14*s.* 6*d.*

The balance of the Tribute hypothecated has been released by the bondholders and placed at the disposal of the Porte for the Ottoman Defence Loan of 1877.

This is purely an English loan.

VIII.—*The* 1877 *Tribute Loan. Ottoman Defence Loan.*

This loan was brought out on the 8th December, 1877, by the Imperial Ottoman Bank with indifferent success. It is secured on the balance of the entire Egyptian Tribute, amounting to 280,622*l.* 18*s.* 4*d.*, released by the 1854 and 1871 bondholders by the Agreement of the 17th September, 1877. This balance is absolutely assigned to Messrs. Glyn, Mills, and Currie as trustees for the certificate-holders of this loan. The first interest was payable on the 10th April, 1878. The first cancellation, by purchase, for the sinking fund was advertised on the 29th May, 1878.

The loan is now being gradually placed in England and the Continent by the original holders—Imperial Ottoman Bank and Continental financial firms.

IX.—*The* 1858 *Loan.*

The first issue of 3,000,000*l.* was effected on the 30th August, 1858, by Messrs. Dent, Palmer, and Co., at 85 per cent. on the basis of the contract of the 28th August, 1858.

This loan is charged not only on the general revenues of Turkey, but is also specially secured, principal and interest, by the assignment of the revenues arising from the customs duties and Government octroi levied at Constantinople. These revenues, in 1857, amounted to 600,000*l.*

"Holders of scrip of the first issue will have the option of taking at the same price, 85 per cent., and on the same terms a further amount equal to two-thirds of their scrip, such option to be declared on or before the 8th October next." This option seems to have been pretty well exercised, for only 620,000*l.* of the balance of 2,000,000*l.* were left unplaced and issued in 1859 at 62½ per cent.

The Imperial Firman of the 17th November, 1858, states, "that in conformity with this contract the whole of the revenues of the Government, and particularly as a special guarantee, the duties of the customs levied and collected at Constantinople, together with such of its octroi duties as accrue directly to the Exchequer, have been assigned and appropriated as a fund for the payment of the principal of the said loan and its interest." "That a special Commission shall be formed with a view to the full remittance and deposit in trust in the Bank of England, for due and punctual delivery and payment to the contractors of such sums out of the above-mentioned duties as may be necessary for the discharge of interest and principal."

The customs duties levied consist of import duties amounting generally to 8 per cent. and export duties to 1 per cent. *ad valorem*. The revenues derived from the octroi of Constantinople cannot be separately stated, as they appear to be included in the Budget item "Droits Divers."

The drawings, after 1876, have been suspended. The bondholders are specially represented, under a Convention with the Government, by the "Joint Commission for the Imperial Ottoman Loans of 1858 and 1862."

This is purely an English loan.

X.—*The* 1860 *Loan.*

The original amount issued in London by I. Mires and Co., of Paris, on the 12th December, 1860, was 5,000,000*l.* The London agents were the Bank of Turkey; it was also issued in Paris, Antwerp, Brussels, Amsterdam, and Hamburg. The prospectus did not specify the securities hypothecated to the service of this loan, amounting to 1,282,560*l.*; but it is believed that those mentioned in the tabular statement are correct.

The loan was not taken up at all in London, and but to a very limited extent in France and the Continent; eventually 2,037,220*l.* were placed, and the loan was restricted to that amount. It is principally held in France, and but a small amount in Italy.

XI.—*The* 1862 *Loan.*

This loan, for 8,000,000*l.*, was issued by the Imperial Ottoman Bank and Messrs. C. Devaux and Co., at 68 per cent., on the 29th March, 1862. The prospectus states:—

"1. This loan is secured on the general revenues, present and future, of the Empire; but the revenues derived from tobacco and salt, and the duties on stamps and licences, have been specially assigned for the due payment of the interest and sinking fund. In accordance with the Treaty made with the Allied Powers in 1861, tobacco and salt have become a monopoly of the Government. Hence the imposts on these articles, which, in 1861, amounted to 379,043*l.*, will, according to the Budget of the present year, produce 1,384,707*l.* The following is the estimated Return, for the financial year now commencing, of the various revenues hypothecated:—

	£
"Tobacco	736,395
"Salt	646,312
"Stamps	207,660
"Licences	292,863
"Total	1,885,220

"To cover an annual charge for the loan of 610,000*l.*

"A copy of Earl Russell's letter, signifying the appointment of Lord Hobart, is, by his authority, annexed:—

"'Sir, "'*Foreign Office, March* 15, 1862.

"'When I had the pleasure of receiving you and Mr. G. G. Glyn at the Foreign Office a week ago, I informed you that, if the Sultan's Commissioners or Agents in this country should be successful in obtaining a loan, Her Majesty's Government, anxious for the well-being and prosperity of Turkey, would be ready to send one or two gentlemen in whom they had confidence to assist the Sultan's Ministers in the due application of the proceeds of the loan to the extinction of the paper money and the funding of the floating debt. I stated that Her Majesty's Government would take an interest in this operation from the feelings of friendship towards Turkey. I said the contractors of this loan might see in such a mission a further security against the misapplication of the present loan and the loss of credit which would ensue.

"'I am happy to inform you that Lord Hobart has consented to proceed to Constantinople for six months, for the purpose I have indicated.

"'I am, &c.

"'H. A. Bruce, Esq., M.P.'" (Signed) "'Russell.

For the protection of the subscribers to this loan it is stipulated by the Convention that a Permanent Commission shall be appointed at Constantinople, consisting of six members, three of whom, including the Minister of Finance, are to be named by the Turkish Government and three by the agents of the loan. This Commission "will be specially charged with the receipt of the hypothecated revenues and the regular transmission to the Bank of England of the requisite funds for the half-yearly interest and sinking fund."

The bondholders are specially represented, under a Convention with the Government, by the "Joint Commissions for the Imperial Ottoman Loans of 1858 and 1862."

This is a purely English loan.

XII.—*The* 1863-64 *Loan.*

The contractors of this loan were the "Crédit Mobilier" and the leading bankers of Paris. The Imperial Bank of Turkey were agents for the issue in London, on the 17th April, 1863, of 6,000,000*l.*, at 72½ per cent. In March 1864 the balance of 2,000,000*l.* of this loan was issued on the Continent, at 68 per cent. The loan is principally held in France, and, to a limited extent, in England, Holland, Italy, and Turkey.

XIII.—*The* 1865-74 5 *per Cent. General Debt.*

This loan was issued on the 1st May, 1865, for £T.40,000,000, equal to 36,363,636*l.* Of this amount, £T.20,000,000, equal to 26,263,636*l.*, were reserved for the conversion of the Turkish internal loans, and 3,636,363*l.* were issued in London by the General Credit Company at 50 per cent., and the balance was reserved for later issues. The loan was simultaneously brought out, in Paris by E. Erlanger and Co., in Amsterdam by the Dutch Credit Bank, in Frankfort by E. Erlanger and Sons, as well as in Constantinople.

The sinking fund of 1 per cent., to be applied to purchase, has always been in default.

A further amount of 15,900,000*l.*, being part of the new £T.40,000,000 created, was issued in London on the 7th September, 1874, at 43½ per cent., by the Imperial Ottoman Bank and others.

The loan is held in Turkey, England, France, Italy, Holland, Germany, and Belgium.

XIV.—*The* 1865 "*Mutton*" *Loan.*

This loan was contracted by the "Crédit Mobilier" and others of Paris, and also issued in London, in December 1865, by the Imperial Ottoman Bank. It is held in France, England, Turkey, Holland, Germany, and Italy.

XV.—*The* 1869 *Loan.*

Messrs. Louis Cohen and Sons were the agents for the issue in London, on the 13th December, 1869, of 12,000,000*l.*, part of 22,222,220*l.* created. The balance was issued on the Continent.

The loan is held in England, France, Turkey, Belgium, Holland, Italy, and Germany.

XVI.—*The* 1870-72 *Lottery Loan. Roumelian Railways.*

This loan arose from the concession granted in the autumn of 1869 to Baron Hirsch, of Austria, for the construction of the Roumelian railway system, which was intended to unite Constantinople with the Austrian railways on the River Save, viâ Serajevo, Pristina, Sophia, Philippopoli, and Adrianople, with branch lines to Salonica, &c.

The Railway Company was constituted under Turkish law, and registered in Paris on the 11th January, 1870.

The Government granted to the Company a subvention, in obligations, to the extent of 560*l.* Rente per kilom. of railway, bearing interest at the rate of 3 per cent. per annum, redeemable, with large premiums, by means of six drawings per annum; 1,750,000 obligations of 400 fr. each (equal to 16*l.*) were created.

The following premiums were payable during the years from the 30th April, 1870, to the 1st February, 1914, on the first fifty numbers drawn, instead of the par value of 16*l.* per obligation, viz.:—

Drawings on 1st April, 1st August, and 1st September—		Frs.
1st No.		600,000
2nd No.		50,000
3rd and 4th Nos.	each ..	20,000
5th to 10th Nos.	„ ..	6,000
11th to 22nd Nos.	„ ..	3,000
23rd to 50th Nos.	„ ..	1,000
Total premiums		800,000
On 1st February, 1st June, and 1st October—		
1st No.		300,000
2nd No.		25,000
3rd and 4th Nos.	each ..	10,000
5th to 10th Nos.	„ ..	2,000
11th to 22nd Nos.	„ ..	1,250
23rd to 50th Nos.	„ ..	1,000
Total premiums		400,000

For the period commencing the 1st April, 1910, to the 1st October, 1974, the total premiums for the above months amount respectively to 517,000 fr. and 258,000 fr.

On the 15th March, 1870, 780,000 obligations were issued with considerable success at some twenty-nine places, excluding London, Paris, and Brussels, at 45 per cent.

The second issue took place, at 42½ per cent., on the 11th September, 1872; 348,000 stamped obligations were reserved for Germany, and the balance was placed in Vienna, Constantinople, Amsterdam, Italy, France, &c.

The par value of the unpaid drawn bonds from October 1875 to June 1880, both inclusive, amounts to 184,000*l.*, but there are premiums attached to 1,450 bonds so

drawn, amounting to 688,000*l.*, and, excluding from this sum the par value, 23,200*l.*, of these bonds, 664,800*l.* remains due on account of net premiums alone; this latter sum added to the above par value makes up the amount in the Table.

The present incomplete railway system does not even pay working expenses, and the security "Revenue of Railways" is illusory.

The seat of the Railway Company has recently been removed from Paris to Vienna.

This loan is of particular interest to Austria.

XVII.—*The 1872 Treasury Bonds.*

Messrs. R. Raphael and Sons were agents for the issue in London, in August 1872, of 11,126,200*l.* The bonds are divided into three series, allotted in equal proportions, viz.:—

	£	
Series A.	3,708,700	redeemable on 13th July, 1876.
„ B.	3,708,750	„ „ „ 1877.
„ C.	3,708,750	„ „ „ 1878.

These bonds are exchangeable, at the option of the holder, for 5 per cent. bonds of the general debt in the proportion of 550*l.* of this loan for 1,000*l.* of 5 per cent. bonds. The exchange is to be effected within the four weeks following each 13th June and 13th December.

The options commenced for—

A.	Bonds in June	1873.
B.	„ „	1874.
C.	„ „	1875.

And last until the maturity of each series, but this period has been extended since the default. On the 13th July, 1878, the whole outstanding principal, so far as not converted into 5 per cent. bonds, became due and payable.

The amount stated in the Table as the produce of the securities assigned belong to the Estimates for 1871.

The loan is held in England, Turkey, France, Austria, Germany, and Holland.

XVIII.—*The 1873 Loan.*

The Imperial Ottoman Bank were the agents for the issue in London on the 7th October, 1873, of 8,000,000*l.*, part of 27,777,780*l.* created; the Crédit Mobilier and others in France and the Continent generally. Mandats (Treasury bills) were received in payment of instalments, amounting to 39 per cent.

The loan is held in Turkey, England, France, and Italy.

XIX.—*The Decree of the 22nd November, 1879.*

Under this Decree the Porte assigned for ten years, from the 1st January, 1880 (o.s.), for the service of the internal and external debt, £ T. 1,350,000, say 1,215,000*l.* sterling, per annum; the first payment to be made on the 1st July, 1880 (o.s.). This annuity is secured by a Convention between certain local bankers, according to which the annual revenues proceeding from tobacco, salt, spirits, stamps, and silk, will, subject to a deduction of £ T. 1,100,000, say 990,000*l.* sterling (for the repayment of about £ T. 8,725,000 advances, with 8 per cent. interest) be paid to the representatives of the bondholders through the Imperial Ottoman Bank.

The revenues from the Island of Cyprus and from Eastern Roumelia are also made over for ten years, the whole up to the amount of £ T. 1,350,000. Any deficiency is to be made good: (1) by the tribute of Bulgaria; (2) by any contribution to the Ottoman Debt from Servia, Montenegro, and Bulgaria; (3) by the third part of the proceeds of any new tax which may hereafter be ordained; (4) by the third part of any increase in the Custom-house revenues resulting from the revision of existing Commercial Treaties; and (5) by the difference between the existing "temettou" tax and the new "licence" tax when it comes into operation. Any excess over £ T. 1,350,000 to serve as a supplementary annuity.

The Government, in a special Regulation, to be prepared in concert with the representatives of the bondholders, will determine the mode of repartition of the annuity between the different categories of bondholders, the mode of paying over

the annuity and of establishing the half-yearly distribution. The Government formally places itself under prohibition to suspend or modify, until after the expiration of the tenth year, the present Decree, except with the consent and the co-operation of the bondholders of the internal and external debt.

This Decree was evidently issued for the special benefit of certain local bankers and firms, to enable them to recover their advances.

The bondholders of the various loans unanimously protested against this Decree.

XX.—*Principal Taxes of Turkey prior to last Russo-Turkish War.*

Taxes.	Amount Estimated.	Per Cent.
	£	
Verghi or property tax	2,858,000	15·1
Judicial fees	131,000	0·7
Land tax of Constantinople	138,000	0·7
Military exemption tax	720,000	3·8
Tithes	6,264,000	..
Additional 25 per cent. thereon	1,566,000	8·3
Sheep tax	1,818,000	9·6
Pig tax	29,000	0·2
Customs	1,868,000	9·9
Tobacco	1,485,000	7·9
Silk duties	49,000	0·3
Spirit duties	360,000	1·9
Tapou (registration of Crown lands)	809,000	4·6
Stamps	270,000	1·4
Contracts, tax on	45,000	0·2
Miscellaneous taxes	429,000	2·3
Total	18,809,000	100

This amount is exclusive of tributes and the revenues derived from the salt mines and other State property. It must, however, be taken as a sanguine estimate.

XXI.—*Revenue and Expenditure. Caimé.*

The annexed Table gives details of the Budget Estimates of the revenue for eight years; but very little reliance can be placed on the official figures. The diminution of the Turkish Empire through the late war alone must have entailed a loss of between 3,000,000*l.* and 4,000,000*l.* per annum.

If all the present revenues were receivable in gold, an amount of about 12,000,000*l.*, exclusive of tributes, could perhaps be collected, which, however, would scarcely suffice to cover the present expenditure, irrespective of the service of the debt, which latter would require an additional revenue of over 12,500,000*l.* for its payment in full, including the tribute loans.

However, no such income as 12,000,000*l.* in gold has during the last few years been realized. The pressing needs of the Treasury were put off by successive creations of a paper currency (caimé), amounting in 1878 to 15,302,634*l.*, with the result that the value fell ultimately to less than one-tenth of its nominal amount. At the present time about 4,500,000*l.* in caimé have been cancelled, the rest was demonetized in March 1879, and is now, in June 1880, practically repudiated.

Short loans at usurious rates from local firms are being constantly made, anticipating the scanty revenue of the immediate future. The debased currency—beshliks, altiliks, metallic and copper—is, since the 13th March, 1880, being taken only at its intrinsic value, say less than one-half of the nominal amount; as it constitutes about one-third of the whole currency, it impoverishes the people, and places the future revenue in great jeopardy.

It is estimated that there is in circulation a currency of about 4,000,000*l.* in gold, 6,500,000*l.* in silver medjidiés, and 5,500,000*l.* in debased coins, metallic and copper, not counting the repudiated caimé, about 11,000,000*l.*

The revenue of Bulgaria is estimated at about 994,000*l.*, and of Eastern Roumelia at 670,000*l.* per annum at the present time.

XXII.—*Floating Debt. War Indemnity.*

It is very difficult to arrive at a correct estimate of the present amount of the floating debt. It has been acknowledged to reach 20,000,000*l.*, but competent financiers place it at over 30,000,000*l.*

Under the Definitive Treaty of Peace of the 8th February, 1879, the war indemnity payable by Turkey to Russia was fixed at 802,500,000 fr., say 32,100,000*l.*, and the indemnity to private individuals of Russian nationality at 26,750,000 fr., or 1,070,000*l.*

Prince Gortchakow declared at the Congress in Berlin (Protocol No. 11) that the war indemnity will not affect the interests of the creditors of the Porte.

Lord Salisbury, in his despatch inclosing the Treaty of Berlin, states:—"That it results from these declarations that Turkey is not internationally bound, and cannot be compelled, to pay any portion of the indemnity until the claims of all the creditors of loans anterior to the war have been paid in full."

June 1880.

Appendix (A).—The Turkish Estimates of Revenue for the undermentioned Years ending the 28th February (o.s).

Note.—No Budget was published for the year 1876–77. The Budget for 1877–78 estimated the total receipts at £ T. 10,725,345, or, say, 17,800,000*l.* sterling.

Sources of Revenue.	1860.	1863.	1872.	1873.	1875.	1876.	1880.	1881.
1. Direct Taxes—	£	£	£	£	£	£	£	£
Verghi (Property Tax)	2,224,320	2,849,872	2,890,170	2,960,490	2,963,370	2,856,360	1,909,091	2,015,454
Land and Patent Taxes	..	..	..	..	681,820	139,635*	..	..
Bedel (exoneration from military service) ..	476,373	548,570	610,995	597,350	757,170	727,270	309,091	416,182
2. Indirect Taxes—								
Dimes (Tithes)	2,844,515	3,908,615	5,046,755	6,814,250	7,951,545	7,909,090	4,090,909	1,545,455
Tax on sheep	706,332	766,512	1,818,180	1,863,365	1,977,270	1,836,180	1,272,727	1,500,000
Tax on pigs	83,620	21,781	29,046	30,495	29,440	29,230	5,364	7,672
Customs	1,385,438	2,546,991	1,955,820	1,955,820	1,886,365	1,886,360	1,454,545	1,636,364
Tobacco	205,822	832,500	750,000	479,720	1,363,635	1,500,000	909,091	909,091
Silk	..	..	49,170	49,170	45,180	50,000	31,818	31,818
Fish	67,899	66,227	..	..	..	..	..	..
Spirits	37,527	133,952	221,130	227,225	227,270	363,630	163,636	163,636
Tapou (transfer duty of Crown lands) ..	55,400	189,752	113,635	477,270	681,820	877,270	181,818	181,818
Stamps	24,909	202,460	136,360	181,820	454,545	272,730	127,273	127,273
Contracts	18,509	37,818	12,515	45,155	90,910	45,455	2,273	..
Vacouf (additional tax)	..	135,000	..	..	..	..	..	..
Judicial taxes	..	..	136,365	105,240	113,635	132,345	80,000	90,909
Miscellaneous taxes	813,258	1,200,504	382,200	442,365	413,635	433,180	318,182	278,627
3. Diverse Receipts—								
Salt Works	85,537	670,910	748,070	748,070	750,000	720,000	And Telegraph and Post.	
State Lands, Wines, Forests, Fisheries, &c. ..	720,602	260,456	263,405	362,700			1,286,000	1,639,982
Excise, new, on Spirits and Tobacco	..	..	..	836,360				
Miscellaneous receipts	186,447	161,435	656,065	1,057,755	1,414,205	1,151,625	145,455	75,645
4. Tributes—								
Egypt	320,000	360,000	681,820	681,820	681,820	681,820	695,455	695,455
Wallachia (Roumania)	20,000	22,500	22,730	22,730	22,730	22,730	..	..
Moldavia	12,000	13,500	13,635	13,635	13,635	13,455	..	..
Servia	18,400	20,700	20,910	20,910	20,910	20,910	..	..
Samos	3,200	3,600	3,635	2,635	3,635	3,640	2,727	2,727
Mount Athos	696	783	655	655	655	655	655	655
Eastern Roumelia	..	..	..	..	..	..	..	218,182
Bulgaria	..	..	..	..	..	..	..	(Qy.)
Cyprus	..	..	..	..	..	..	..	118,182†
				19,488,375				
Less allowance for the reduction in the tithes ..	..	..	..	727,270				
	9,711,608	14,949,089	17,455,265	18,761,105	22,562,200	21,711,565	12,937,110	14,687,127‡

* Part transferred to Tapou.

† The exact amount payable by England is £ T. 111,220, or 101,109*l.* sterling.

‡ The Extraordinary Expenses for 1880–81 bring up the total to £ T. 19,000,000, equal to 17,272,730*l.* sterling.

Appendix (B).—The Turkish Bonded Debt in June 1880.

Year of Issue.	Original Nominal Amount of the Loan.	Issue Price per cent.	Interest per Annum.		Sinking Fund, per Annum.		Total Annual Service (exclusive of Bankers' Commission).	Present Amount of Principal outstanding (inclusive Par Value of Unpaid Drawings).	Unpaid Drawings.	
			Rate per cent.	Payable on—	Rate per cent.	Applied to Drawings held in—			Amount.	Dates (both inclusive).
	£						£	£	£	
1854	3,000,000	80	6*	Apr. 10 and Oct. 10	1*	July	210,000*	1,771,950	Nil*	Nil. (July 1879. Drawing under new arrangement.)
1855	5,000,000	102½	4	Feb. 1 and Aug. 1 .	1	May	250,000	2,815,200	527,500	May 1876 to May 1880.
1858	5,000,000	85 / 62½	6	Mar. 1 and Sept. 1 .	1	December	350,000	3,084,750	229,950	Three-fourths of Dec. 1875, and full Dec. 1876; subsequent drawings suspended.
1860	2,037,220	62½	6	Jan. 1 and July 1 .	1	June and December ..	142,000	1,654,030	188,030	Half of Dec. 1875, and full to Dec. 1879.
1862	8,000,000	68	6	Jan. 1 and July 1 .	2	May and November ..	640,000	4,999,650	1,617,950	Half Nov. 1875, and full to Nov. 1879.
1863–64	8,000,000	72 / 68	6	Jan. 1 and July 1 .	2	May and November ..	640,000	5,164,650	1,568,250	Half Nov. 1875, and full to Dec. 1879.
1865–74	96,593,090	50 / 43½	5	Jan. 13 and July 13	Not applied	Nil	4,318,691 Being 5 per cent. on adjoining amount.	86,373,817 4/11	Nil	Nil.
1865	6,000,000	66	6	Jan. 1 and July 1 .	2·44	May and November ..	506,400	4,098,300	1,289,000	Half Nov. 1875, and full to Dec. 1879.
1869	22,222,220	60½	6	Apr. 1 and Oct. 1 .	1	March and September ..	1,555,555	20,650,000	1,608,000	March 1876 to March 1880.
1870–72	31,680,000	15 / 42½	3	Apr. 1 and Oct. 1 .	0·4545	Feb., April, June, Aug., Oct., and Dec.	1,094,400	31,502,400	Bonds 184,000 Pns. 664,800	Oct. 1875 to June 1880.
1871	5,700,000	73	6*	Apr. 10 and Oct. 10	1*	July	399,000*	5,378,700	Nil*	Nil. (Suspended under new arrangement.)
1872	11,126,200	98½	9	Jan. 13 and July 13	..	Repayment one-third in July 1876; one-third in July 1877; and one-third in July 1878.	1,001,358 And one-third of principal for 1876, 1877, and 1878.	5,620,600 Rest converted into 5 per cent. General Debt.	Principal overdue	On July 13, 1878.
1873	27,777,780	55½	6	Apr. 1 and Oct. 1 .	1	March and September ..	1,944,445	27,196,740	1,588,080	March 1876 to March 1880.
1877	5,000,000	52	5	Apr. 10 and Oct. 10	⅘	Half-yearly purchases under par.	275,000	4,875,900	Nil (New loan)	Nil. (April 14, 1880, cancellation included.)

* Under new arrangement.

The Turkish Bonded Debt in June 1880—*continued.*

[10(0)L]

Year of Issue.	Unpaid Coupons.		Original Date of Final Redemption.	Countries where Loan is held.	Securities for the Loan.	Additional Details on Page
	Amount.	Dates (both inclusive).				
	£					
1854	Nil Under new arrangement	Nil	1889	England	First charge on original Egyptian Tribute of 282,000*l.* per annum. New arrangement for reduced service in September 1877.	4
1855	Nil	Nil	1900	England and France	Guaranteed by England and France. Balance of Egyptian Tribute after service of 1854 Loan, amounting to 72,000*l.*; Customs of Smyrna and Syria, then valued at 230,000*l.*	4
1858	259,611	Half of Mar. 1876, and full to Mar. 1880	1902	England	Customs, Octroi, and Government octroi, levied at Constantinople, then valued at 600,000*l.* ..	5
1860	471,398	Half of Jan. 1876, and full to July 1880	1897	France, Holland, Belgium	Surplus Customs of Smyrna, Sayda, Salonica. Revenues of Janina, Larissa, Beyrut, Herzegovina, Salion, Crete, and Cyprus. Tithes and customs on silks of Brousa and Adrianople; on oils of Mudelia, Karasi, Smyrna; on tobacco of Samsoun. Farming of salt mines. Tobacco duties in Anatolia and Roumelia. Indirect taxes of Salonica. Total then valued at 1,282,560*l.*	5
1862	1,421,700	Ditto	1886	England	Tobacco and salt revenues; stamp and licence duty; then valued at 1,886,220*l.*	5
1863–64	1,471,941	Ditto	1887	France, Holland, Italy, &c. ..	Revenues not previously hypothecated, estimated at 1,120,000*l.* A first charge on direct taxes to extent of 240,000*l.* The balance of the 1862 Loan hypothecations, estimated at 1,200,000*l.*	6
1865–74	20,513,782	Half of Jan. 13, 1876, and full to July 13, 1880	Nil	Turkey, England, France, &c. ..	No special hypothecation	7
1865	1,165,072	Half of Jan. 1876, and full to July 1880	1887	France, Continent, England ..	Sheep tax of Roumelia and Archipelago, valued at 560,000*l.* Copper mines of Tokat, 100,000*l.* Sergbis of Syria (revenues of Syrian Indemnity Bonds, free in 1868), 260,000*l.*	7
1869	5,575,500	Apr. 1876 to Apr. 1880	1902	England, France, Turkey, &c. ..	Tithes of Archipelago islands, Provinces of Aleppo, Adana, Syria, Janina, Trebisond, and Kaunia, to the extent of 1,015,000*l.* Tithes of the Provinces of Hudavindigar (Brousa, Konieh, &c.), valued at 315,000*l.* Tithes of Bosnia (excepting Yeni Bazar), 175,000*l.* Tithes of Adana and Montenia, 160,000*l.* Revenues of Egypt to the extent of 225,000*l.* Surplus of taxes on sheep, &c., 540,000*l.* Total, 2,375,000*l.*, all declared free.	7
1870–72	4,252,824	Ditto	1974	Austria, Germany, Italy, &c. ..	None, beyond produce of non-paying railways	7
1871	Nil	Nil	1905	England	399,000*l.*, augmentation of original Egyptian Tribute in 1869. New arrangement for reduced service and suspension of sinking fund in September 1877.	4
1872	3,402,886	Half of Jan. 1876, and full to July 1880	July 1875 (⅓) July 1877 (⅓) July 1878 (⅓)	England, Turkey, France, &c. ..	(1.) Tithes of the Vilayets of the Danube, to the extent of 1,000,000*l.* (2.) Of Adrianople, to the extent of 631,818*l.* (3.) Of Salonica, 500,000*l.*; and, (4.) The tax on sheep of Anatolia, to the extent of 681,818*l.* Total, 3,045,454*l.* Subject to the redemption of Treasury bonds for 2,000,000*l.*, due the 31st October, 1878.	8
1873	7,343,119	Apr. 1876 to Apr. 1880	1906	Turkey, England, France, &c. ..	(1.) Tithes of the Vilayets of Erzeroum, Tripoli, Crete, Diarbekir, and Scutari, 545,454*l.* (2.) Produce of Tapou (transmission duty of Crown lands), 454,545*l.* (3.) One-fourth of the Verghis (personal taxes) of Epirus, 772,727*l.* (4.) Surplus proceeds of Constantinople tobacco monopoly, 272,727*l.* (5.) Tithes of Vilayet of Aidin, 136,363*l.* Total, 2,181,817*l.* Nos. 1, 2, and 3 are temporary, and Nos. 1 and 4 of the 1872 Loan are to substitute on its redemption.	8
1877	Nil	Nil	1927	England and Continent	230,622*l.* 18*s.* 4*d.* per annum of the Egyptian Tribute released by the 1854 and 1871 bondholders, by the Agreement of the 17th September, 1877, for this Ottoman Defence Loan of 1877.	5

Appendix (C).—General Statement of Turkish Bonded Debt in June 1880.

Loans.	Present Amount of Principal, including Unpaid Drawings.	Amount of Present Annual—			Present Amount of—	
		Interest.	Sinking Fund.	Total Service.	Unpaid Coupons.	Unpaid Drawings and Overdue Bonds.
	£	£	£	£	£	£
I. Not in default—						
5 per Cent. of 1854* ..	1,771,950	88,598	10,419	99,017	Nil	Nil
4 per Cent. of 1855 ..	3,815,200	152,608	97,392	250,000	Nil	527,500 (a)
4½ per Cent. of 1871* ..	5,378,700	228,595	Suspended until redemption of 1854 Loan	228,595	Nil	Nil
5 per Cent. of 1877* ..	4,875,900	243,795	31,205	275,000	Nil	Nil
II. In default—						
6 per Cent. of 1858 ..	3,681,750	221,085	128,915	350,000	939,611	229,950
,, 1860 ..	1,654,030	99,242	42,758	142,000	471,399	188,030
,, 1862 ..	4,999,650	299,979	340,021	640,000	1,324,900	1,617,950
,, 1863–64 ..	5,164,650	309,879	330,121	640,000	1,471,942	1,569,250
,, 1865 ..	4,093,500	245,910	260,490	506,400	1,168,073	1,239,000
,, 1869 ..	20,050,000	1,239,000	316,555	1,555,555	5,575,500	1,608,000
,, 1873 ..	27,196,740	1,631,804	312,641	1,944,445	7,343,120	1,588,080
5 per Cent. of 1865–74 ..	86,373,817	4,318,691	Nil	4,318,691	20,513,782	Nil
3 per Cent. of 1870–72 ..	31,502,100	945,072	144,000	1,089,072	4,252,824	Bonds 184,000 Pmx. 664,800
9 per Cent. of 1872 ..	5,620,600	505,854	Principal overdue	505,854	2,402,806	5,620,600 (b)
Grand total	206,786,887	10,530,112	2,014,517	12,544,629	45,563,957	15,036,160

Summary of above Indebtedness in June 1880.

Loans.	Present Amount of Principal, including Unpaid Drawings.	Amount of Present Annual—			Present Amount of—	
		Interest.	Sinking Fund.	Total Service.	Unpaid Coupons.	Unpaid Drawings and Overdue Bonds.
	£	£	£	£	£	£
I. Not in default—						
Total	15,841,750	713,595	139,016	852,612	Nil	527,500 (a)
II. In default, viz.—						
6 per Cent. Loans	67,448,320	4,046,899	1,731,501	5,778,400	18,394,545	3,039,260
5 per Cent. Loan	86,373,817	4,318,691	Nil	4,318,691	20,513,782	Nil
3 per Cent. Loan	31,502,100	945,072	144,000	1,089,072	4,252,824	Bonds 184,000 Pmx. 664,800
9 per Cent. Loan	5,620,600	505,854	Principal overdue	505,854	2,402,806	5,620,600
Total in default ..	190,945,137	9,816,516	1,875,501	11,692,017	45,563,957	14,508,660
Grand total	206,786,887	10,530,112	2,014,517	12,544,629	45,563,957	15,036,160

* Arrangement of 1877.

(a) Although at the present time an amount of 527,500*l.* of drawn bonds of the 1855 Loan is unpaid, the interest thereon continues to be paid by the Guaranteeing Powers, whereby an "unpaid" drawn bond becomes of more value than a "paid" one.
(b) Balance of unconverted 1872 bonds fell due on the 15th July, 1878.

Appendix (D).—An Approximate Estimate of the Turkish Bonded Debt held in England in June 1880.

Loans.	Rough Proportion of Loans supposed to be held in England.	Approximate Amount of Outstanding Principal held in England.	Approximate Amount of present Annual—			Approximate Amount held in England of—	
			Interest thereon.	Sinking Fund thereof.	Total Service thereof.	Unpaid Coupons.	Unpaid Drawings included in Column of Principal.
		£	£	£	£	£	£
I. Not in default, viz.—							
5 per Cent. of 1854 ..	All	1,771,950	88,598	10,419	99,017	Nil	Nil
4 per Cent. of 1855 ..	Three-fourths	2,861,100	114,456	73,044	187,500	Nil	395,600
4½ per Cent. of 1871 ..	All	5,378,700	228,595	Suspended	228,595	Nil	Nil
5 per Cent. of 1877 ..	One-half	2,437,950	121,898	15,602	137,500	Nil	Nil
II. In default, viz.—							
6 per Cent. of 1858 ..	All	3,681,750	221,085	128,915	350,000	939,611	229,950
,, 1860 ..	Nil	Nil	Nil	Nil	Nil	Nil	Nil
,, 1862 ..	All	4,999,650	299,979	340,021	640,000	1,324,900	1,617,950
,, 1863–64 ..	One-tenth	516,500	30,990	33,010	64,000	147,195	156,850
,, 1865 ..	One-fourth	1,000,000	60,000	66,600	126,600	292,020	309,750
,, 1869 ..	One-third	7,000,000	420,000	110,000	530,000	1,859,000	536,000
,, 1873 ..	One-third	9,000,000	540,000	109,000	649,000	2,447,100	529,400
5 per Cent. of 1865–74 ..	One-fourth	21,594,000	1,079,700	Nil	1,079,700	5,128,500	Nil
3 per Cent. of 1870–72 ..	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9 per Cent. of 1872 ..	One-half	2,810,300	252,927	Principal overdue	252,927	1,201,400	2,810,300
Grand total	..	63,055,200	3,458,228	886,611	4,344,839	13,440,926	6,585,800

Summary of Approximate Amount of Loans held in England.

Loans.	Approximate Amount of Outstanding Principal held in England.	Approximate Amount of present Annual—			Approximate Amount held in England of—	
		Interest thereon.	Sinking Fund thereof.	Total Service thereof.	Unpaid Coupons.	Unpaid Drawings included in Column of Principal.
	£	£	£	£	£	£
I. Not in default	12,450,000	553,547	99,065	652,612	Nil	395,600
II. In default	50,605,200	2,904,681	787,546	3,692,227	13,440,926	6,190,200
Grand total	63,055,200	3,458,228	886,611	4,344,839	13,440,926	6,585,800

No. 162.

Lord Lyons to Earl Granville.—(Received July 3.)

(No. 553.)

Paris, July 2, 1880.

My Lord,

I HAVE the honour to inform your Lordship that I have this day addressed a note to the French Government in the terms of your Lordship's despatch No. 792 of the 26th ultimo respecting the disposal of the sum paid into the Bank of England by the Egyptian Caisse de la Dette on account of the Ottoman Guaranteed Loan of 1855.

I have, &c.

(Signed) LYONS.

No. 163.

Mr. Nelson to Earl Granville.—(Received July 8.)

53, *Piccadilly, July 8, 1880.*

My Lord,

I HAVE the honour to forward your Lordship a memorial from the Committee of the Turkish Treasury 9 per Cent. Bondholders, and to ask your kind perusal and consideration of the same.

I have, &c.

(Signed) JOSEPH NELSON, *Chairman.*

Inclosure in No. 163.

Memorial.

To the Right Honourable Earl Granville, K.G., Her Britannic Majesty's Principal Secretary of State for Foreign Affairs.

The Memorial of the Committee of Turkish Treasury 9 per Cent. Bondholders.

Sheweth,

THAT these bonds, amounting to the sum of 11,126,200*l.*, were issued in London in 1872, at the price of 98*l.* 10*s.* per cent., under the authority of an Imperial Iradé of the Ottoman Government, dated the $\frac{15}{27}$th April, 1872, and were divided into three series, A, B, and C, as follows:—

A.	For the sum of	£3,708,770	redeemable on the 13th July,	1876.
B.	,,	£3,708,750	,, ,,	1877.
C.	,,	£3,708,750	,, ,,	1878.

The following stipulations are on the face of the bond:—

"In order to secure the redemption of the bonds and payment of interest on this loan, the Imperial Ottoman Government, besides its direct guarantee, especially assigns the following revenues to the extent of—

		£ T.	£
"1. The annual tithes of the Vilayet of the Danube	.. ..	1,200,000	1,350,000
"2. ,, ,, Adrianople	..	750,000	
"3. ,, ,, Salonica	.. ..	650,000	
"4. The tax on the sheep of Anatolia	.. ..	750,000	

"the assignment of which will become free from all engagement on the 31st October, 1873, after the entire redemption of the Treasury bonds assigned in 1868, and of which there now remains outstanding 2,080,000*l.*

"The bonds of this loan shall, at the option of the holder, be exchangeable for 5 per cent. bonds of the general debt of the Ottoman Empire, in the proportion of 550*l.* of the present loan for 1,000*l.* sterling 5 per cent. bonds. The new 5 per cent. bonds will be duly inscribed on the great book of the general debt, and will be similar in form and tenour to those of the existing 5 per cent. general debt. The exchange can be effected at any of the banking houses where the bonds and coupons are payable, by giving notice one year after the date of the contract ($\frac{14}{26}$th March, 1872), for the bonds series A; two years after the same date of the contract for the bonds series B; and three years after the same date of the contract for the bonds of series C; such notice to be given from the above-mentioned periods up to the maturity of each series twice a year, in the four weeks following the $\frac{1st}{15th}$ June and the $\frac{1st}{15th}$ December."

2. About 5,500,000*l.* of the above bonds, hereafter styled the "unconverted bonds," are outstanding, unredeemed, and not converted into the general debt of the Ottoman Empire by the holders, in accordance with the option reserved by the bond, and the interest thereon has been in arrear since the 13th January, 1876, and the principal of the whole of these unconverted bonds ought to have been paid by the 13th July, 1878.

3. On the 18th August, 1879, "The Crédit Général Ottoman," the contractors for this loan, submitted a proposal to the English holders of these unconverted bonds, at a public meeting held at the Cannon Street Station Hotel, and which proposal had been previously approved by the Turkish Minister of Finance, and, as stated thereat by Mr. Henry Raphael, the London agent of the contractors, was, in effect, as follows:—

(A.) That the holders of these unconverted bonds should consent to a reduction of the interest payable thereon from 9 per cent. to 4½ per cent., and that a sinking fund of 1½ per cent. for the amortisation of the bonds should be created; and that the payment of the interest and amortisement should be secured on the tributes of Bulgaria and Eastern Roumelia (then representing the original securities of the tithes on those Principalities, as existing previously to the Treaty of Berlin), in a similar manner to the Egyptian tributes; and, in case the same should be insufficient, a sufficient portion of the Adrianople tithes (specially originally hypothecated to the bonds in question, and therefore an existing security) would be assigned to make up the deficiency.

(B.) That the bondholders should, in respect of each 100*l.* Treasury bond, make a further advance to the Turkish Government equal to 12*l.* 10*s.* per bond, repayable in one, two, and three years, with interest at 10 per cent. per annum, to be secured one-half by the Anatolian sheep tax, and the other half on the tithes of Salonica (both previously existing securities already especially assigned to these unconverted bonds).

N.B.—It was stated in the proposal that the Vilayets of the Danube and Adrianople, upon which the original mortgage to the bondholders was secured, were merged in Bulgaria and Eastern Roumelia, the tithes of the said vilayets being replaced by the tributes of the two new Principalities.

4. This proposal was unanimously (at the meeting aforesaid) rejected, amongst other reasons, that it was not in the power of many of the bondholders to make the required advance. On this decision being communicated to the contractors in Constantinople, they replied expressing their regret at its non-acceptance, as it "would have been the point of departure for the reform of Turkish finance." That the "Turkish Government would make no other proposition, but would naturally wait to settle the bonds until the time when it will regulate the remainder of the debt;" and the bondholders received no further communication.

5. In the month of December last the Turkish Government caused to be inserted in the leading public newspapers in London an advertisement requiring the bondholders to convert their Treasury bonds of 1872 into the 5 per cent. General Debt, and by a Decree of the Turkish Government, dated the $\frac{2}{14}$th November last, copy of which is annexed, the Turkish Government (clause 2, Article 3) declared its intention to divert from your memorialists the annual revenue or tribute of Eastern Roumelia, and transfer the same to the Galata bankers and the other holders of the subsequently increased internal and external debt (clause 1 in Article 4), irrevocably confiscated for the benefit of the last-mentioned bondholders of the internal and external debt the annual tribute of the Principality of Bulgaria, and any sum of money which might come into the hands of the Ottoman Government from Bulgaria, although the same were already included in and formed part of the security of the bonds belonging to your memorialists.

6. That the tithes of the Vilayet of the Danube, and the tithes of the Vilayet of Adrianople (merged into the tributes to be paid to Turkey by Bulgaria and Eastern Roumelia) are specially hypothecated to your memorialists, the Treasury bondholders, and form the only security given by the Turkish Government upon the revenues of what now constitutes the Principalities of Bulgaria and Eastern Roumelia.

7. That the Ottoman Government recognized the hypothecation given to your memorialists is abundantly clear, because that Government declared that the tithes of the Vilayet of the Danube, assigned subsequently to the Turkish Loan of 1873, were only to be available for the latter loan (1873), "when the Treasury bonds" (those of your memorialists) "should become from time to time extinguished, at the dates and under the conditions specified with reference to these bonds." (Loan of 1873.)

8. That in Article IX of the Treaty of Berlin it is declared: "As Bulgaria is to bear a portion of the public debt of the Empire when the Powers fix the tribute they shall take into consideration what portion of that debt can, on the basis of a fair proportion, be assigned to the Principality." Your memorialists found out with no little surprise that the declaration of the Turkish Government in August last, proposing to assign this tribute, really and admittedly hypothecated to your memorialists upon the condition of further advances on other securities then already assigned to your memorialists being made, and on your memorialists not assenting thereto they proceeded to appropriate for the benefit of the Turkish Government, or for or towards the general benefit of other bondholders of the internal and external debt of Turkey, securities already specifically hypothecated to your memorialists, is not only a violation of the Treaty of Berlin, but an indirect attempt to make the Great Powers of Europe parties to a confiscation of the rights of your memorialists as holders of the Turkish Treasury 9 per cent. bonds. The same facts and conclusions equally apply to the tribute of Eastern Roumelia, and therefore your memorialists, the holders of the said last-mentioned bonds, invoke the aid of Her Majesty's Government to prevent the unjust and forcible alienation of the securities appropriated to the payment of these bonds, by diverting them to purposes other than those defined and declared by the Treaty of Berlin.

9. Your memorialists humbly submit for the consideration of your Lordship that the attempt of the Turkish Government to impose upon the Treasury bondholders of

the 1872 Loan the payment of new advances, and thereby to attempt to deprive your memorialists of the tributes of Bulgaria and Eastern Roumelia, into which the original hypothecations belonging to these bonds have been converted, is manifestly unjust, and in direct violation of the Treaty of Berlin.

10. Your memorialists, subjects of the Queen, invoke the aid of Her Majesty's Government, not only as a party to the Treaty of Berlin, but likewise in the general protection of the rights of Her Majesty's subjects, to prevent the confiscation or appropriation by the Turkish Government of the respective tributes of Bulgaria and Eastern Roumelia to objects other than in or towards the payment of the bonds of your memorialists (principal and interest) until their full discharge, and meanwhile to inhibit the attempted extinction of their bonds by the enforced conversion of the same by the Government of Turkey into the consolidated debt of the Turkish Empire. If the existence of the debt of your memorialists in its original separate character be thus extinguished, the hypothecations belonging thereto would be set free.

Your memorialists therefore humbly pray that your Lordship will cause such representations to be made to His Imperial Majesty the Sultan as shall maintain all the rights of your memorialists intact, and as shall preserve the special hypothecations originally granted as a first charge to the bonds of your memorialists now substituted by the respective tributes of Bulgaria and Eastern Roumelia.

(Signed) JOSEPH NELSON, *Chairman.*
JAMES CROYLE.
J. H. WALKER.
JOHN G. MORGAN.

2, Talbot Court, Gracechurch Street, London, July 8, 1880.

Annex.

SUBLIME PORTE.

Decree.

The Imperial Ottoman Government having resolved to resume, so far as its present resources permit, the service of the public debt, both internal and external, decrees :—

Article 1. From the 1st January (o.s.), 1880, an annuity of £ T. 1,350,000 is set apart for the service of the internal and external public debt.

Art. 2. This annuity will be devoted to the payment of a half-yearly interest on the nominal amount of the bonds. The first payment will take place on the 1st July (o.s.), 1880.

Art. 3. The annuity of £ T. 1,350,000 is assured and secured as follows :—

1. By the stipulations of a Convention passed this day between the Imperial Ottoman Government, on the one part, and the Imperial Ottoman Bank, Messrs. Foster, Deveaux, Von Haas, G. Zarifi, Salomon, Fernandez, Bernard Tubini, E. Eugenidis, T. Mavrogordato, Vlasto, Barker, Stefanovich, Leonidas Zarifi, and G. Coronio, on the other part. According to these stipulations the net annual revenue of the monopolies and imposts on tobacco, salt, spirits, stamps, silk, and fish, subject to a deduction of £ T. 1,100,000, will belong to the bondholders, and will be paid over to their representatives through the medium of the Imperial Ottoman Bank.

2. By the annual revenue of the Island of Cyprus and of Eastern Roumelia, which is, from this day, and in virtue of the present Decree, integrally made over to the bondholders for a term of ten years. The whole up to the sum of £ T. 1,350,000. But if the whole should prove less than that sum, the annuity will be made good by means of the supplementary guarantees set forth below in Article 4, and, in case of need, by other resources of the Imperial Treasury.

Art. 4. Independently of the annuity of £ T. 1,350,000, constituted as above, the Imperial Government irrevocably assigns from this day forward to the bondholders of the internal and external public debt—

1. The tribute of the Principality of Bulgaria, and any sum of money which may come into the hands of the Imperial Government as the contributive part of Servia, Montenegro, and Bulgaria to the Ottoman debt.

2. The third part of the net proceeds of any new tax which may be hereafter ordained.

3. The third part of the proceeds of any increase in the custom-house revenues, resulting from a revision of existing Commercial Treaties.

4. The amount of the difference between the proceeds of the existing tax called "témettou," and those of the "Patente," as soon as the Law of Licences ("Loi de Patente") comes into operation. The proceeds of these four assignments will serve, in the first place, to complete, in case of need, the fixed annuity of £ T. 1,350,000, and, in the second place, to constitute a supplementary annuity for the internal and external debt.

Art. 5. The Imperial Government will determine in a special regulation, which will be prepared in concert with the representatives of bondholders—

1. The mode of repartition of the fixed annuity of £ T. 1,350,000 as well as of the supplementary annuities between the different categories of bondholders of the internal and external public debt.

2. The mode of paying over the annuity and of establishing the half-yearly distribution of it.

Art. 6. The operation of the present Decree is limited to ten years, at the expiration of which a new Decree will fix the definitive conditions of the interest and sinking fund of the internal and external public debt.

The present Decree having only a provisional character, does not prejudice the rights of bondholders.

The Imperial Government formally places itself under prohibition to suspend or modify, until after the expiration of the tenth year, the Ordinances of the present Decree, except with the consent and co-operation of the bondholders of the internal and external debt.

Sublime Porte, November $\frac{10}{22}$, 1880.

No. 164.

Extract from the "Times" of July 8, 1880.

OTTOMAN LOANS.—On Tuesday an influential deputation from the Council of Foreign Bondholders had an interview with Sir Charles Dilke (on behalf of Earl Granville) at the Foreign Office on the subject of the Ottoman Loans of 1858 and 1862. The deputation consisted of Mr. E. P. Bouverie, Mr. Lionel Bonar, Sir Francis Lycett, Mr. J. Cavendish Taylor, Mr. Roger Eykyn, Mr. W. H. Bishop, Mr. P. Cababé, Colonel A. B. Rathbone, Mr. J. C. Chaplin, Mr. W. O. Dodgson, Mr. T. H. Fortz, Mr. F. Gerard, the Rev. W. Hodgson, Mr. E. Humphreys, Captain E. D. Law, Mr. H. J. Longchase, Mr. G. E. Peters, Major W. H. Queade, Mr. John Ogle, Mr. J. E. Noxon, Mr. W. Stringfellow, the Rev. W. J. Watkin, Mr. R. Wilson, Mr. J. Woolcot, Mr. J. Dundas Cockburn, Mr. J. T. Barclay, and Mr. T. Rumball.

Mr. E. P. Bouverie introduced the deputation, and stated that they were there to represent to the Government the interests of the bondholders holding the stock of 1858 and 1862, and also generally to speak upon the subject of the Turkish Government. The 1858 Loan was issued upon the security of the customs of Constantinople, while the 1862 Loan was issued upon the security of the stamps and licence and tobacco duties of Turkey, and it had the peculiar feature that it was to a certain extent recommended to the people of England by the public letters of Lord John Russell when Secretary of State for Foreign Affairs, in which he approved the raising of the loan on behalf of the British Government. This had always been held by the owners of stock as giving a guarantee on the part of our Government to do all they could to advance the stockholders' claims to the securities. It was known that since 1875 the Turkish Government had not paid a farthing; they were absolutely in default, and their indebtedness for principal and interest was nearly 250,000,000*l.* sterling. The amount represented by the loans of 1858 and 1862 was between 10,000,000*l.* and 12,000,000*l.* sterling, besides accumulations of interest. The question of Turkish finance was brought before the Plenipotentiaries at the Berlin Congress in 1878 by Count Corti, and there was a resolution passed by the Representatives of the Powers that it was desirable there should be a Financial Commission to ascertain the position of Turkish finance, and an endeavour made to adjust the interests of the creditors of Turkey in reference to the Turkish debts. He believed that if that recommendation could be now acted upon there might be some hope for the bondholders. They all knew that the administration of the Turkish finances was such that there never could be any hope of reform in the Turkish Government or any chance of the creditors getting their money or a portion of it back. Their chief hope was in the action of the

Powers. They felt very fortunate in having Mr. Goschen as Her Majesty's Representative at Constantinople, who was master of these subjects, and who had made his political reputation mainly by the skill and ability with which he handled them; and they thought the present time favourable to instruct Mr. Goschen to use his endeavours to work with the Representatives of other Powers to press upon the Porte the absolute necessity for that Commission. This was the one chance of salvation for the Porte as well as the bondholders, for no doubt the resources of Turkey, if the administration permitted, were equal to her obligations; but corruption and maladministration had brought terrible confusion into the finances. The way in which Egyptian affairs had been managed showed what honest government could do for Turkey. Any action of the British Government would receive the bondholders' gratitude and that of many gentlemen in the City of London, as elsewhere in Her Majesty's dominions.

Mr. W. H. Bishop and Colonel Rathbone having also spoken,

Sir Charles Dilke, in reply, said: I am very sorry that Lord Granville should not have come in to receive you. His absence is owing, I believe, to the fact that a meeting of the Cabinet has been fixed upon rather suddenly for half-past 2, and has, I suppose, lasted till it is too late for him to come to us. The subject brought before us to-day by Mr. Bouverie is one with which I am personally very familiar, and I am pretty well acquainted with the facts which have been stated here. I am sure my noble friend Lord Granville would have stated, had he been able to see the deputation, that the Government has this subject well in view, and I am able to state his views upon it, because it has been the subject of discussion between us in consequence of the question addressed to me in the House of Commons last night by Sir Henry Drummond Wolff. Lord Granville informed me that this subject was engaging the attention of the Government, and that he himself in particular had it in view; but he said he felt it might not be wise to pick out, as it were, this financial question and to press it specially at a moment when the Powers were acting in absolute concert upon very large questions, which to some extent include this one in them. At the same time, I stated in the House of Commons last night, in reply to Sir Henry Drummond Wolff, that not only was our attention called to this agreement of the Powers as regards the desirability of an International Financial Commission, but that a paragraph had been placed in Mr. Goschen's instructions which followed the wording of the 18th Protocol of the Berlin Treaty; and Mr. Goschen's attention was specially directed to this question to see whether the time had not come when the consideration of the International Financial Commission might not fairly be pressed forward. I have really nothing to add at this moment to that phrase which appears in Mr. Goschen's instructions. He has not yet been at Constantinople long enough to enable him to make up his mind finally upon this question; and I can only tell you that this matter did engage the attention of the Government at the time Mr. Goschen went out, that the paragraph was put into his instructions at the time after having been carefully considered, and that the subject is one still engaging the attention of Her Majesty's Government. I can only tell you that the fact that so influential a deputation as this has come here to-day will still further induce the Government to keep the matter in their view, and that it is one which concerns the interests of this country too largely to allow of its being lost sight of by the British Government. (Hear, hear.)

The deputation thanked Sir Charles Dilke and retired.

No. 165.

Mr. Guedalla to Earl Granville.—(Received July 15.)

12, *Talbot Square, Hyde Park, London, W.*,
July 15, 1880.

My Lord,

I BEG leave to submit, for your Lordship's kind perusal and consideration, the inclosed memorial.

I have also to state that Mr. Bouverie and the deputation who were received by Sir Charles Dilke at the Foreign Office last week only represent the small Turkish Loans of 1858 and 1862, and that they studiously concealed the fact that it was at the instigation of myself, Mr. Hamond, and the late Mr. Landon, the three Delegates of the London Committee of Turkish Bondholders, and Count Keratry, the Delegate of the French Committee of Turkish Bondholders, that Count Corti brought before the Plenipotentiaries at the Berlin Congress in 1878 the question of Turkish finance, and there was a resolution passed by the Representatives of the Powers that it was

desirable there should be a Financial Commission to ascertain the position of the Turkish finances, for which measure I recently asked your Lordship's co-operation, having previously repeatedly urged on Lord Salisbury the same object, which I have never ceased advocating energetically during the past two years at considerable cost and labour.

I have, &c.
(Signed) H. GUEDALLA.

Inclosure in No. 165.

Memorial from Turkish Bondholders.

To the Right Honourable Lord Granville.

My Lord,

AS Chairman of the English Committee of the General Debt of Turkey 5 per Cents., 1865–1873, I beg leave to express to your Lordship our alarm at the dismemberment of Turkey, which is calculated to completely ruin the unfortunate holders of existing Turkish loans.

We therefore appeal to your Lordship for such protection of our interest as your Lordship may be able to grant us, and I now proceed to state our case as briefly as possible.

Proposals, it seems, have been made for annexing to the territories of Servia, Bulgaria, Eastern Roumelia, and Greece several parts of the Ottoman dominions in Europe and Asia, and for so reorganizing other portions of the Empire as to extinguish or limit their contributions to the Imperial Treasury.

It may be of advantage to consider how far such changes would affect the rights and interests individually of the English and foreign bondholders of Turkish securities.

Since 1853-54 Turkey has contracted with them—principally if not exclusively—a foreign debt amounting to about 180,000,000*l.* nominal capital.

1. This money was lent to her as an independent State, guaranteed in her then existing integrity of empire in Europe and Asia, by Austria, France, Great Britain, Italy, Prussia, and Russia.

Of course that European guarantee enhanced the security in the estimation of the leaders, and formed a material ingredient in the promotion of the loans. In other words, to use the familier expression of bankers, six Great Powers of Europe—including Russia herself—"introduced" the Sultan to capitalists as a customer with whom they might deal.

2. In addition to such an attraction, the lenders had the general lien which attaches to all public debts and is well defined by Mr. Justice Blackstone (see note, p. 491 of "Smith's Wealth of Nations," by McCulloch):—

"What is the pledge which the public faith has pawned for the security of these (national) debts? The land, the trade, and the personal industry of the subjects, from which the money must arise that supplies the several taxes. In these, therefore, and in these only, the property of the public creditors does really and intrinsically exist; and, of course, the land, the trade, and the personal industry of individuals are diminished in their true value just as much as they are pledged to answer."

3. And various portions of the debt were charged on the tribute of Egypt, and the customs duties of Syria, or the customs duties and octrois of Constantinople, and general revenues of the Empire; on the tobacco, salt, stamp, and licence duties, on the Imperial customs and tithes, on the security of the sheep tax of Roumelia and the Archipelagus, and the produce of the mines of Tokat, and on a variety of special taxes, imports and tithes, as well as on the general revenues, "present and future," of Turkey.

Under these three heads the security of the bondholder is based, and the Ottoman Empire, whether in Europe or Asia, is thus primarily charged with the debt.

The security overrides the land and the whole Imperial resources, and these are both generally and specially pledged for the payment of the debt, which attaches to every part and parcel of the Empire.

No alienation of territory would free the ceded part from its liabilities, the one being the national debt attaching to it previous to the war.

With respect to it, the conqueror could only put himself in the place of the Sovereign whom he had dispossessed:—

"The conqueror who takes a town or province from his enemy cannot justly acquire over it any other rights than such as belonged to the Sovereign against whom he took up arms."—(Vattel, 387.)

"The property belonging to the Government of the vanquished State passes to the victorious State, which also takes the place of the former Sovereign in respect of the ancient domain. In other respects, private rights are unaffected by conquest."—(Wheaton, ii, p. 82.)

As to such rights (of neutrals), Vattel says (p. 322):—

"It is not the place where a thing is which determines the nature of that thing, but the character of the person to whom it belongs—things belonging to a neutral person which happen to be in an enemy's country, or on board an enemy's ship, are to be distinguished from those which belong to the enemy."

Again, the money lent was a deposit confided to the public faith:—

"This deposit being found in our hands only on account of that confidence which the proprietor has reposed in our good faith, ought to be respected even in open war. Such is the usage in France, in England, and elsewhere, in respect to money placed by foreigners in the public funds."—(Wheaton, vol. xi, p. 17, quoting Vattel.)

As between belligerents, Russia during the Crimean War honourably fulfilled this obligation in the regular payment of the dividends due on her foreign debt. *A fortiori* would the obligation attach as between belligerents and neutrals.

The debt due to such neutrals may be likened to neutral goods under the enemy's flag, which, by the Declaration of Paris in 1856, are declared to be exempt from confiscation.

Or, applying the principles of law and justice in the ordinary transactions of civilized life, the foreign creditor may be considered as standing in the position of a mortgagee, whose claim must be satisfied before the mortgagor or his assigns can make valid title to the estate charged with the debt, and such creditor will have full right to refuse to accept any lessened part of or substitute for his actual security.

No change of proprietorship of the territories pledged for the payment of the debt could justly, or in accordance with international usage, impair or even vary the security without the consent of the bondholder, direct or indirect. And it may even be urged in the present case that the bondholders ought to have priority of claim over any fresh debt, be this in the form of a war indemnity or of any other charge posterior to the creation of the original one.

Should, then, any cession of Turkish territory be proposed, it will be the duty of the Governments of the various countries whose respective subjects are interested in this question to protect their rights, and secure them from loss, by insuring a just and proper provision for them, or in such other manner as will be equitable.

Such protection may well form one of the subjects for deliberation and adjudication by the European Powers.

Many precedents enforcing the principle that debts attaching to countries are to be respected—that, on alienation, such debts are adopted by the successive proprietors, and that, in case of severance, such debts were duly apportioned, may be found in many Treaties of the present century, and the following (*inter alia*) may be adduced:—

1. By Article VIII of the Treaty of Luneville in 1801, it was determined that the new possessors of ceded countries (including the territories on the left bank of the Rhine) should be charged with the debts hypothecated thereon. On the fall of Napoleon it was provided, by Article XXI of the Treaty of Paris in 1814, that the debts specially hypothecated in their origin on the countries which ceased to belong to France, or contracted for their internal administration, should remain chargeable on such countries. And, in pursuance of this stipulation, it was enacted, by Article XXV of the Treaty of Vienna of 1815, that the King of Prussia should, on his acquisition of the said countries on the left bank of the Rhine, take upon himself all the charges and all the stipulated engagements with respect to those countries detached from France by the above-named Treaty of Paris.

2. On the renunciation by the Grand Duke of Tuscany of that Duchy the debts duly hypothecated on it were passed over to its new possessor, the Duke of Parma. (Treaty of Luneville, Article V.)

On the restoration of the Grand Duke of Tuscany to that Duchy, it was (in pursuance of Article XXI of the Treaty of Paris) enacted by Article C of the Treaty of Vienna that the Grand Duke should hold the Grand Duchy in such manner as he possessed it previous to the Treaty of Luneville.

3. On the separation of Belgium from Holland a division was made of the Public Debt of the Kingdom of the Netherlands, and a part of it was, by Article XIII of the Treaty of 1839, transferred from the debit of the Great Book of Amsterdam, or from the debit of the General Treasury of the King of the Netherlands, to the debit on the Great Book of Belgium.

4. On the separation of Texas from Mexico, the former Republic, by Convention of the 14th November, 1840, took upon itself a portion of the capital of the foreign debt contracted previously by the Mexican Government.

On the separation of the Ionian Islands from Great Britain, Greece undertook the Public Debt and other engagements attaching thereto. (Treaty of March 1864.)

6. On the acquisition by Italy of parts of the Papal territories, a repartition was made in 1866-68, whereby a proportionate part of the Pontifical Debt was transferred to the Great Book of Italy in consideration for the annexation to Italy of the Provinces of Romagna, the Marches, Ombria, Benevento, &c.

7. On the cession of Lombardy to Italy, the latter undertook the charge of portions of the Monte-Lombardo-Venete debts, and of the National Loan of 1854. (Treaty of Zurich, the 10th November, 1859, Article VII, &c.—Convention of the 9th September, 1860.)

8. On the cession of Venice and the union of the Lombardo-Venetian Kingdom to Italy, the latter took upon itself the debts charged on the ceded territories. (Treaty of Prague, the 23rd August, and Treaty of the 3rd October, 1866.)

9. On the annexation of Savoy and Nice to France, the latter became charged with a portion of the Sardinian Public Debt. (Treaty of the 24th March, 1860, Article IV, and Convention of the 23rd August, 1860, Article I, &c.)

10. On the severance of the Duchies of Schleswig-Holstein and Lauenburg from Denmark, the Public Debt of the latter was apportioned, and part of it was charged on the Duchies, and was guaranteed by Austria and Prussia. (Treaty of the 30th October, 1864, Articles VIII-XI.)

But as regards the foreign holder of Turkish securities his position would be very different; his interests would be ruinously prejudiced were he to look to Turkey only for the payment of his claims—to Turkey, dismembered and deprived of some of her richest and best portions in Europe and Asia, forming now material security for the debt attaching thereto—to Turkey, encumbered further with a pernicious crushing war indemnity, and the prospective evils certain to be fanned to flame in fanciful "autonomies" in the very heart of her Empire.

The consideration of this subject has wider import than the present case. It affects not only the Turkish bondholder, but the interests of those of other foreign securities so largely held by British subjects. National Debts have swollen to amounts threatening positive or eventual bankruptcy. Public faith is disregarded as to debts as well as Treaties; the payments of interest are in some cases suspended, and the dealings in their capital stock reduced to mere gambling transactions, and the question arises whether the unfortunate *bonâ fide* holder is to be left with no other means of redress than the mere helpless appeal to the honour of a non-paying or aggressive State whose resources are squandered in ambitious and extravagant purposes at the expense and to the detriment of others, innocent and defrauded.

The occasion now presents itself of at least safeguarding the bondholders of Turkish securities by the action both of our own and of the other Governments interested in the matter, and, if it is neglected, no more disastrous incentive to wars of aggression could be devised than the tacit or overt recognition of any right to appropriate or assign to others the territories of another State, and then free himself or them from the debts and liabilities attached previously to it.

In this instance, least of all, could Servia, Bulgaria, Eastern Roumelia, or Greece claim to hold lands wrested from Turkey without sustaining a due share of the debt due to the bondholder, British or foreign, whose interests are now at stake.

I remain, &c.

(Signed) H. GUEDALLA.

London, July 15, 1880.

No. 166.

Lord Tenterden to Mr. Guedalla.

Sir, *Foreign Office, July 24, 1880.*

EARL GRANVILLE has received the memorandum contained in your letter of the 15th instant, calling attention to the extent to which the rights of the holders of Turkish bonds may be affected by the execution of certain stipulations of the Treaty of Berlin, and I am directed by his Lordship to inform you that it will receive due consideration.

I am, &c.
(Signed) TENTERDEN.

No. 167.

Mr. Law to Lord Tenterden.—(Received July 26.)

My Lord, *Treasury Chambers, July 24, 1880.*

WITH reference to your letter of the 19th ultimo respecting the amount still due on account of the interest of the Ottoman Guaranteed Loan of 1855, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Secretary of State, that the sum of 72,000*l.*, set apart from the Egyptian Tribute under the Convention of September 1877 towards the interest, &c., of this Loan, has been paid up since that date, and that the sum still due is, as his Lordship assumes, the balance after the receipt of the Tribute payment.

As your Lordship is aware, the balance of the Guaranteed Loan outstanding is 3,815,200*l.* It has remained at that sum since 1st August, 1875. The Porte having, in the meantime, not provided the stipulated sinking fund, the charge for interest on the outstanding sum is 152,608*l.*; add commission to the Bank, 2,289*l.* 2*s.* 4*d.*; total, 154,897*l.* 2*s.* 4*d.* Towards this the Porte provides 72,000*l.* out of the Tribute which it receives from Egypt, leaving 82,897*l.* 2*s.* 4*d.* per annum uncovered, for which England and France must provide if the Porte is unwilling or unable to discharge its obligation.

I am, &c.
(Signed) WILLIAM LAW.